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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973.

No. 73-825

AMERICAN HOME PRODUCTS CORPORATION,
Petitioner,

vs.

LOCKWOOD MANUFACTURING COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

GEORGE P. MCANDREWS,
135 South LaSalle Street,
Chicago, Illinois 60603,
Attorney for Petitioner.

Of Counsel:
TIMOTHY J. MALLOY,
VICTOR BELLINO,
ROBERT D. TEICHERT,
WILLIAM E. GOOD,
ANDREW KAFKO.

Gunthorp-Warren Printing Company, Chicago • 346-1717

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Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Sixth Circuit, entered on August 28, 1973.

CITATIONS TO OPINIONS BELOW.

The District Court opinion is reported at ..... F. Supp. ....., 173 U. S. P. Q. 486 (S. D. Ohio 1972). It is reprinted in the Appendix hereto at pages A11-A41. The opinion of the Court of Appeals is reported in ..... F. 2d ....., 179 U. S. P. Q. 196 (6th Cir. 1973) and is reprinted in the Appendix hereto at pages A1-A10.

Companion Cases.

The 1963 and 1965 opinions of the United States Court of Appeals for the Seventh Circuit in the *Ekco Products* v. *Chicago Metallic Mfg. Co.* litigation, upholding the validity of the identical patents herein involved, and that are referred to and are basic to the opinions below, are reprinted in the Appendix hereto at pages A42-A-52 (321 F. 2d 550) and A53-A56 (347 F. 2d 453), respectively. The Final Order entered by the District Court in the companion Seventh Circuit *Chicago Metallic* litigation on September 29, 1966 is reprinted in the Appendix hereto at page A57.

JURISDICTION.

The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTION PRESENTED FOR REVIEW.

In view of Congress' and this Court's expressed intent to have "uniform federal standards" and "national uniformity in patent . . . laws," *Sears* v. *Stiffel*, 376 U. S. 225 (1964), and the policy expressed in *Blonder-Tongue* v. *University of Ill. Found.*, 402 U. S. 313 (1971), of limiting relitigation on patents if once determined to be invalid, may the Sixth Circuit, contrary to the position adopted by every other Circuit that has ruled on the matter, refuse to recognize pending, ultimately successful, litigation *on the identical patents* in another Circuit, substantially coextensive in time with the asserted period of delay, as a bar to the running of laches by retroactively imposing "notice" requirements on the owner of the valid patents materially different from, contrary to, and inconsistent with those required by all other Circuits in identical situations?

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED.

U. S. Constitution, Art. 1, Sec. 8, ¶ 8

"The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. . . .

Title 35, United States Code § 154

§ 154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, *for the term of seventeen years*, subject to the payment of issue fees as provided for in this title, of the right to exclude others from making, using or selling the inventions throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof. (Emphasis added.)

Title 35, United States Code § 271(a)

Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States *during the term of the patent therefor*, infringes the patent. (Emphasis added.)

Title 35, United States Code § 284

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

Title 35, United States Code § 286

> Except as otherwise provided by law, no recovery shall be had for any infringement committed *more than six years prior to the filing* of the complaint or counterclaim for infringement in the action. (Emphasis added.)

Title 28, United States Code § 2201

> Creation of remedy—In a case of actual controversy within its jurisdiction except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such.

STATEMENT OF THE CASE.

Summary of Statement.

This was a patent action under 28 U. S. C. § 1338(a) on two patents previously held valid in the Seventh Circuit. Notice of infringement was given to the Seventh Circuit defendant and the Respondent at approximately the same time (1955-1956). Negotiations for license broke down and Petitioner sued the Seventh Circuit defendant in 1958. Litigation in the Seventh Circuit continued until September 19, 1966, and Respondent was aware of the litigation. This suit was filed against Respondent in the Sixth Circuit on May 23, 1967. The patents were found valid and deliberately infringed by Respondent, but recovery was denied and the complaint dismissed for laches because, as the Sixth Circuit ruled, Petitioner "never asserted to [Respondent] that it intended to file similar litigation against it at the conclusion of the Chicago Metallic [Seventh Circuit] litigation." (App. p. A7.)

Petitioner relied, and herein relies, on the rule of law universally followed by the other Circuits that have ruled on the

matter (Second, Third, Seventh and Eighth), that "a suit pending to sustain the validity of a patent is notice to all infringers of the insistence of the patentee upon his claimed rights," and that Respondent should have brought "an action for a declaratory judgment" if it had any doubts about its position during the litigation in the Seventh Circuit.

Statement.

Petitioner's (American Home Products Corporation) predecessor, Ekco Products Company (hereinafter AHPC and Ekco, respectively), obtained a process patent for a method of predarkening tin plate (No. 2,687,994) and a product patent for the result of a particular use of the process to make a specifically structured baking pan (No. 2,724,526). The process patent issued on August 31, 1954 and the product patent on November 22, 1955.

Oral and written notices of infringement were immediately given to Respondent, Lockwood Manufacturing Company (hereinafter Lockwood) and to Chicago Metallic Mfg. Co. (hereinafter Chicago Metallic)—both major competitors of Petitioner (DX 42; R. 864, 897)—and both using substantially identical processes to make very similar products. Negotiations for licenses ensued with both competitors.

On October 24, 1956, Lockwood's counsel wrote his client regarding his meetings with Ekco:

> "I reminded them that one thing Lockwood certainly would insist on and that would be that Ekco Company police the industry so that Lockwood would not be in a position of paying royalties while others were going off scot-free." (DX 45, p. 3, R. 868, 897.)

On June 10, 1957, Lockwood's counsel informed Lockwood that Lockwood infringed Ekco's patent "if valid." (DX 52, p. 1, R. 873, 897.)

Negotiations for licenses broke down. Both Lockwood and Chicago Metallic rejected Ekco's charges of infringement.

On July 10, 1957, Ekco replied to Lockwood:

> "We have received your letter of June 11, 1957 regarding our proposed license agreement relating to the process of forming a heat absorptive oxide coating on tin plated bake pans.
>
> "Since your letter raises a legal question, I have referred this matter to our attorneys and have asked them for their opinion regarding the position you have taken." (DX 54, R. 897.)

The Court found this to be the end of communications between Ekco and Lockwood until the instant suit was filed in 1967 (App. p. A3).[1]

Suit was instituted against Chicago Metallic within the Seventh Circuit in May of 1958. The litigation was both extensive and costly. The history of this related litigation is set out in the Appendix hereto in *Ekco Products Company* v. *Chicago Metallic Manufacturing Company*, 321 F. 2d 550 (7th Cir. 1963), (App. pp. A42-A52), cert. den., 375 U. S. 970 (1964), reh. den., 376 U. S. 929 (1964); and *Ekco Products Company* v. *Chicago Metallic Mfg. Co.*, 347 F. 2d 453 (7th Cir. 1965) (App. pp. A53-A56).

In March of 1962, the Chicago District Court held that the Ekco patents were invalid. In August of 1963, the Seventh Circuit reversed this judgment, holding the process patent valid. 321 F. 2d 550 (App. p. A52), cert. den., 375 U. S. 970 (1964), and remanded the case, stating:

> "The findings concerning the three derivative patents (including the product patent) . . . are extremely limited. The judgment of the District Court respecting these three derivative patents is reversed, and that portion of this case is remanded for further consideration in the light of our comments above." (App. p. A52.) (Material in parentheses supplied.)

---

1. There was rejected testimony that Ekco had orally informed Lockwood "that we are not going to get involved with Lockwood until we finish Chicago Metallic . . ." (Record p. 924.)

Upon remand, the District Court found the product patent valid and infringed while the parties submitted the process patent to a Master for an accounting. Chicago Metallic appealed the District Court's decision on the product patent and on June 17, 1965, the Seventh Circuit rendered another opinion "on the legal scope of the claims in Patent '526' "—the product patent (App. p. A54). The Court specifically observed that "No judgment was rendered in this Court with reference to the merits of the [product patent]" in its 1963 opinion (App. p. A54). The Seventh Circuit, in its June 17, 1965 opinion, ruled that Chicago Metallic did not then infringe the product patent as construed by it (App. p. A54).

During this time, the accounting before the Master on the process patent had continued between Ekco and Chicago Metallic, and it was terminated on September 19, 1966 by entry of a Final Order in the United States District Court for the Northern District of Illinois (App. p. A57).

The instant suit was commenced on May 23, 1967, eight months after termination of the *Chicago Metallic* litigation. Lockwood closely followed the progess of the *Chicago Metallic* litigation and received periodic reports thereon from its counsel (DX 56, 57, 58, 59, 60; R. pp. 874-879, 897).

The Sixth Circuit herein, as did the Seventh Circuit, found both of Ekco's patents valid. Lockwood did not appeal the District Court's finding that it infringed both patents and that

> "following the introduction of Ekco's 'Bake-Prep' process, Lockwood immediately set out to copy, did everything it could to copy, and after a great deal of time and a great deal of effort, succeeded in doing it. The copying was willful and deliberate." (F. F. 71.)

The District Court, citing non-analogous law, held that, in the litigation below, Petitioner had won every battle but the war which it must lose because of laches (App. p. A41). It refused to recognize the *Chicago Metallic* litigation as a bar to the running of laches.

On appeal, the Sixth Circuit acknowledged that Lockwood had had full information regarding the pendency of the *Chicago Metallic* litigation on the same patents, corrected some of the District Court's reasoning, but added a "notice" provision, retroactively binding on Petitioner, which differs from and is inconsistent with that applied by every other Circuit that has ever treated the matter of existing litigation on the same patent(s) during substantially the entire period of alleged delay as a bar to the running of laches as against other infringers. The reasoning and ruling of the Sixth Circuit, which is contrary to that applied by the other Circuits, may best be summarized by the following illustration wherein all parties-defendants had knowledge of the other pending litigation on the identical patents during the asserted period of delay:

Sixth Circuit. (Instant Suit)	*Eighth Circuit.* (*Montgomery Ward & Co.* v. *Clair*, 123 F. 2d 878 (8th Cir. 1941) (delay of ten years after knowledge of infringement).
"First of all, we reject Ekco's suggestion that the existence of other litigation automatically excuses any delay in bringing suit against the second alleged infringer." (App. A4.)	"During the period of delay [ten years] the record discloses that the appellants were litigating in the courts the validity of both the Dyer and the Campbell patents until within two months of the commencing of the present suits and that [*defendant*] *had knowledge of that fact.* An inventor is not required to litigate the validity of his patent against every possible infringer. *A suit pending to sustain the validity of a patent is notice to all infringers of the insistence of the patentee upon his claimed rights.*" (*Id.* at p. 883.) (Emphasis added.) (Material in brackets supplied.)
* * *	
This is not to imply that the other litigation rule is applicable only by agreement between the parties; clearly it is not . . . But if Ekco had intended to press its claim after the Chicago litigation, *it surely would have (or should have) found time to send Lockwood a simple letter to that effect.*" (App. p. A5.) (Emphasis added.)	
* * *	

"Although multiple litigation need not be maintained against multiple infringers, we see no reason why a patent owner need not at least *assert to the other infringers its intention to bring a subsequent action at the termination of the presently pending action.*" (App. p. A6.) (Emphasis added.)

* * *

"However, *the knowledge* [*by Lockwood*] *of the other litigation* [Ekco v. Chicago Metallic] is not the important factor; the point is that Ekco *never asserted to Lockwood that it intended to file similar litigation against it at the conclusion of the Chicago litigation.*" (App. p. A7.) (Emphasis added.)

Second Circuit.

(Judge Learned Hand applied the Eighth Circuit *Clair* ruling in *Clair* v. *Kastar, Inc.*, 148 F. 2d 644 (2d Cir. 1945) (the party *Clair* was the same in both cases).

"While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and *if the answer is unsatisfactory, he can bring an action for a declaratory judgment* The time has now passed when a patentee may sit by and refuse to show his hand. The defendant's putative uncertainties seem to us to have been of its own making." *Id.* at p. 646.) (Emphasis added.)

The Seventh Circuit, wherein Ekco has its principal offices and manufacturing facilities, follows to the letter the reasoning of the Eighth and Second Circuits. See *Armstrong* v. *Motorola, Inc.*, 374 F. 2d 764, 769 (7th Cir. 1967), cert. den. 389 U. S. 830 (1967); and *Maxon Premix Burner Company, Inc.* v. *Eclipse Fuel Engineering Co., Inc.*, 471 F. 2d 308 (7th Cir. 1972).

The Sixth Circuit in the instant suit has very clearly turned the reasoning of the Second, Seventh and Eighth Circuits around. The Sixth Circuit has refused to hold that the other litigation

on the same patents itself was notice to the world of Ekco's insistence on its rights, giving rise to Declaratory Judgment rights on the part of Lockwood.[2]

As will be shown in the argument below, the Sixth Circuit failed to apply the clear exposition of the "simultaneous litigation on the same patent(s) during substantially the entire period of delay" rule of all the other Circuits that have considered the subject, including the Second, Third, Seventh and Eighth, but instead cited and applied non-analogous law involving (1) laches generally, (2) non-patent, other litigation situations, or (3) delay due to other litigation on patents *other* than the one in suit situations.[3] The Sixth Circuit failed to understand the fundamental "difference in kind" presented by the "simultaneous litigation on the same patents" precedents. This misapprehension materially undermines the objective of "national uniformity in patent" laws and administration suggested by this Court in *Sears* v. *Stiffel*, 376 U. S. 225, 230 (1964) and carried forward in *Blonder Tongue* v. *University of Illinois Found.*, 402 U. S. 313, 91 S. Ct. 1434 (1971).

The decision below rewards a deliberate wrongdoer at the expense of the owner of two court tested patents. Such a result materially diminishes the already blighted incentive to invention that forms the basis for our constitutionally authorized and congressionally instituted patent system.

This Court must bring the Sixth Circuit into consonance with the Second, Third, Seventh and Eighth Circuits in this very important area affecting federal law or authoritatively announce the rule that is to govern all Circuits in the future. *Avco Corp.* v. *Aero Lodge 735*, 390 U. S. 557, 559 (1968); *Northeastern National Bank* v. *United States*, 387 U. S. 213, 217 (1967); *United Brotherhood* v. *United States*, 330 U. S. 395, 400 (1947). Correction of the Sixth Circuit's decision is essential if owners of valuable patents are not to be substantially punished

2. See L. Hand in *Clair* v. *Kastar, Inc.*, quoted *supra*, p. 9.

3. The misapplication of precedent by a Court of Appeals was noted in *Sears* v. *Stiffel*, 376 U. S. 225, 227 (fn. 2) (1964).

for having followed, over the past fifteen years, law consistently and uniformly applied by all other Circuits that have treated the issue.

ARGUMENT.

This case involves a clear cut conflict between the Circuits in an area of vital importance to uniform administration of the patent laws throughout the United States and to the elimination of unnecessary repetitive litigation in various district courts until after the validity, invalidity, royalty parameters or scope of a patent or patents has been judicially determined.

In *Blonder Tongue Lab., Inc.* v. *University of Illinois Found.*, 402 U. S. 313 (1971), this Court reviewed the heavy weight in court time and litigant's money expended in multiple suits on patents once held invalid. The Court overruled *Triplett* v. *Lowell*, 297 U. S. 638 (1936) to allow defendants to plead estoppel in patent infringement cases where the patent has once been declared invalid. The rationale for the decision in *Blonder Tongue* was compelling, *e.g.*

> "An examination of the economic consequences of continued adherence to *Triplett* has two branches. Both, however, begin with the acknowledged fact that patent litigation is a very costly process. Judge Frank observed in 1942 that 'the expense of defending a patent suit is often staggering to the small businessman.' Picard v. United Aircraft Corp., 128 F. 2d 632, 641 (CA 2 1942) (concurring opinion). In Lear, Inc. v. Adkins, 395 U. S. 653, 669, 89 S. Ct. 1902, 1910, 23 L. Ed. 2d 610 (1969), we noted that one of the benefits accruing to a businessman accepting a license from a patentee who was threatening him with a suit was avoiding 'the necessity of defending an expensive infringement action during the period when he may be least able to afford one.' Similarly, in replying to claims by alleged infringers that they have been guilty of laches in suing on their patents, patentees have claimed that the expenses of litigating forced them to postpone bringing legal action. See, e.g., Baker Mfg. Co. v. Whitewater Mfg. Co., 430 F. 2d 1008, 1014-1015 (CA 7 1970). In

recent congressional hearings on revision of the patent laws, a lawyer-businessman discussing a proposal of the American Society of Inventors for government-sponsored insurance to provide funds for litigation to individual inventors holding nonassigned patents stated: 'We are advised that the average cost of litigating a patent is about $50,000.' " (*Id.* at 334-335.)

* * * * *

In testimony before the Senate subcommittee considering patent law revision in 1967, a member of the President's Commission on the Patent System discussed the financial burden looming before one charged as a defendant in a complex infringement action in terms of amounts that sometimes run to "hundreds of thousands of dollars." (*Id.* at pp. 335-336.)

* * * * *

The Commission stressed the competitive disadvantage imposed on an alleged infringer who is unable or unwilling to defend a suit on the patent, stating also that a 'patentee, having been afforded the opportunity to exhaust his remedy of appeal from a holding of invalidity, has had his 'day in court' and should not be allowed to harass others on the basis of an invalid claim. There are few, if any, logical grounds for permitting him to clutter crowded court dockets and to subject others to costly litigation.' (*Id.* at 339-340.)

The *Blonder Tongue* Court re-emphasized the right of an accused infringer to utilize the Declaratory Judgment Act to challenge the validity of a patent or to remove an infringement cloud on his operations:

A second group of authorities encourage authoritative testing of patent validity. In 1952, the Court indicated that a manufacturer of a device need not await the filing of an infringement action in order to test the validity of a competitor's patent, but may institute his own suit under the Declaratory Judgment Act. Kerotest Mfg. Co. v. C-O-Two Co., 342 U. S., at 185-186, 72 S. Ct. at 222. Other decisions of this type involved removal of restrictions on those who would challenge the validity of patents." (*Id.* at 344-345.)

While the *Blonder-Tongue* decision directly involved removal of the mutuality of estoppel requirement when a patent was once determined to be *invalid*, the economic and court congestion arguments concerning simultaneous patent litigation against numerous alleged infringers are equally pertinent *until* the *validity* of a patent or patents has been determined and the royalty for their tortious misuse determined.

Until the instant decision, the Courts (including those in the Sixth Circuit) have always stayed the running of laches during the pendency of other litigation on the identical patent or patents. This has evolved as a rule of law peculiar to patents and growing out of the unique nature of patents and their impact on our national economy. See: *Armstrong* v. *Motorola, Inc.*, 374 F. 2d 764 (7th Cir. 1967); *Maxon Premix Burner Company, Inc.* v. *Eclipse Fuel Engineering Co.*, 471 F. 2d 308 (7th Cir. 1972); *France Mfg. Co.* v. *Jefferson Electric Co.*, 106 F. 2d 605 (6th Cir. 1939), cert. den. 309 U. S. 657; reh. den. 309 U. S. 696; *United States Mitis Co.* v. *Detroit Steel & Spring Co.*, 122 F. 863 (6th Cir. 1903); *General Electric Company* v. *Sciaky Bros., Inc.*, 187 F. Supp. 667, 675 (E. D. Mich. 1960), aff'd other gds., 304 F. 2d 724 (6th Cir. 1962); *Plecker* v. *Poorman*, 147 F. 528, 529 (C. C. S. D. Ohio, 1905); *Jenn-Air Corporation* v. *Penn Ventilator Co., Inc.*, 464 F. 2d 48 (3d Cir. 1972); *Clair* v. *Kastar, Inc.*, 148 F. 2d 644 (2d Cir. 1945), cert. den. 326 U. S. 762; and *Montgomery Ward & Co.* v. *Clair*, 123 F. 2d 878, 883 (8th Cir. 1941).

The rule with respect to patents which have been timely litigated against one of several infringers is not and has never been applicable in unfair competition actions (*Anchor Stove & Range Co.* v. *Montgomery Ward & Co.*, 114 F. 2d 893 (7th Cir. 1940) (App. p. A5) nor to situations wherein there were in excess of nine years of total inactivity on the patents,[4] between the time infringement was first charged and the time the "other litigation" on the patents commenced. *Remington Rand* v.

4. Far in excess of the applicable statute of limitations 35 U. S. C. § 286, *supra*, p. 4.

Acme Card System, 29 F. Supp. 192 (S. D. Ohio 1937) (App. p. A4). Finally, the rule was not even discussed in *Baker* v. *Whitewater*, 430 F. 2d 1008 (7th Cir. 1970), referred to in *Blonder Tongue, supra* p. 11, and stressed by the Sixth Circuit (App. p. A5). The patent in issue in *Baker* had never been litigated against anyone at any time. The defense to laches asserted was the expense of other litigation on a completely different patent. The fundamental rationale of having a judicial reading on the *patent(s) in suit* was never, at any time, present in the *Baker* v. *Whitewater* suit.

Although not mentioned by the Sixth Circuit in discussing the *Baker* case, the Seventh Circuit itself has clearly distinguished the other litigation *on other patents* situation in *Baker* from other litigation *on identical patents* situations. *Baker* was decided by the Seventh Circuit in 1970. Prior thereto, in 1967, the Seventh Circuit, in *Armstrong* v. *Motorola, Inc.*, 374 F. 2d 764 (7th Cir. 1967), cert. den. 389 U. S. 830; reh. den. 389 U. S. 997, adopted the universally recognized rule from the Eighth and Second Circuits:

> "Moreover, Armstrong's 1948 suit against RCA justified Armstrong's refraining from suing Motorola simultaneously. As stated in Montgomery Ward & Co. v. Clair, 123 F. 2d 878, 888 (8th Cir. 1941):
>
> > An inventor is not required to litigate the validity of his patent against every possible infringer. A suit pending to sustain the validity of a patent is notice to all infringers of the insistence of the patentee upon his claimed rights.
>
> Judge Learned Hand enunciated this same proposition in Clair v. Kastar, Inc., 148 F. 2d 644, 646 (2nd Cir. 1945), certiorari denied, 326 U. S. 762, 66 S. Ct. 143, 90 L. Ed. 459, where he also pointed out that the "infringer" *should have brought an action for a declaratory judgment*. Here too Major Armstrong's and his lawyer's 1941 correspondence with Motorola was sufficiently threatening to give Motorola standing to seek a judgment of non-infringement. Cf. Sticker Industrial Supply Corp.

v. Blaw-Knox Co., 367 F. 2d 744 (7th Cir. 1966)." [374 F. 2d at 769-770.] (Emphasis added.)

In 1972, following the completely non-analogous *Baker* decision of 1970, the Seventh Circuit held firm in following the universally accepted rule governing simultaneous litigation on the same patents. In *Maxon Premix Burner Company, Inc.* v. *Eclipse Fuel Engineering Co., Inc.*, 471 F. 2d 308 (7th Cir. 1972), the Court said:

> "This court held in Armstrong v. Motorola, Inc., 374 F. 2d 764, 769 (7th Cir.), cert. denied, 389 U. S. 830 (1967), rehearing denied, 389 U. S. 997, that '[a] suit pending to sustain the validity of a patent is notice to all infringers of the insistence of the patentee upon his claimed rights.' Here, Eclipse had full notice that Maxon intended to enforce its patent rights by reason of Maxon's earlier infringement action against Eclipse. Maxon was subsequently involved in litigation to enforce its burner patent against Mid-Continent Metal Products Company. This suit was not concluded until September 22, 1967. See Maxon Premix Burner Co. v. Mid-Continent Metal Products Co., 279 F. Supp. 164 (N. D. Ill. 1967). Maxon gave Eclipse formal notice of infringement one month later, on October 12, 1967. If Eclipse had any doubt as to Maxon's intentions and the effects of future Maxon actions on its own interests, *the proper course of action would have been an action for declaratory judgment* against Maxon. Sufficient notice having been given Eclipse, it can not now complain of the action filed against it." (417 F. 2d at 313.) (Emphasis added.)

The Seventh Circuit had no need to apply *Baker* because *Baker* was inapplicable—there was no other litigation on the same patents in *Baker*.

Consequently, the Sixth Circuit's reliance on the completely non-analogous cases of *Baker* v. *Whitewater*, *Anchor Stove* v. *Montgomery Ward*, and *Remington Rand* v. *Acme Card* (App. pp. A4-A5), is wrong as a matter of law. The misreliance destroys a principle of law clearly and distinctly enunciated by all of the other Circuits that have ruled on the issue.

Finally, the Third Circuit in 1972 adopted the universally recognized rule governing simultaneous litigation on the same patents during substantially the full alleged period of delay. In *Jenn-Air Corporation* v. *Penn Ventilator Co., Inc.*, 464 F. 2d 48 (3d Cir. 1972), the Court said:

> "There can be no mistake about the above *governing law* on this question. The delay must be prejudicial to the defendant. The fact which defendant wholly overlooks is that plaintiff was protecting its '607 patent in a suit against another infringer from November, 1963 to April 18, 1966. Plaintiff in December, 1967 applied to bring its '607 patent into this litigation. Under these facts, *it is sound law* as plaintiff urges that it is not necessarily bound to take on more than one infringer at a time. As we have seen, plaintiff was busy with its action against another infringer from 1963 to April 18, 1966. In December, 1967 it did proceed against defendant. Again, as stated by plaintiff, there is no delay of nine years or even four years by plaintiff sleeping on its rights." (*Id.* at pp. 49-50.)

Clearly, the Sixth Circuit decision is erroneously premised on non-analogous law. Moreover, the decision for which review is sought, places the Sixth Circuit at loggerheads with the decisions of the courts in the Second, Third, Seventh and Eighth Circuits. The conflict is clearly pointed up by the inter-circuit activity of Petitioner herein and of most patent owners.

In 1957 and 1958, when Petitioner's predecessor responded to Lockwood's denial of infringement by suing Chicago Metallic, the law was clear:

> "A suit pending to sustain the validity of a patent *is notice* to all infringers of the insistence of the patentee upon his claimed rights." *Montgomery Ward & Co.* v. *Clair*, 123 F. 2d 878 (8th Cir. 1941).

Legally sufficient notice having been given to Lockwood, Petitioner thereafter focused its attention on successfully concluding its litigation with Chicago Metallic to determine if its two patents were valid, their scope, and the royalty parameters

for licensing them. Had Lockwood any problem with the 1956 unwithdrawn notice of infringement and the 1958 "notice" deriving from the Chicago Metallic suit, the law gave it a perfect remedy:

> "While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, *he can bring an action for a declaratory judgment.*" Judge Learned Hand in *Clair* v. *Kastar, Inc.*, 148 F. 2d 644, 646 (2d Cir. 1945), cert. den. 326 U. S. 762.

See also *Blonder Tongue Lab., Inc.* v. *University of Illinois Found.*, 402 U. S. 313, 344-345 (1971), and *Kerotest Mfg. Co.* v. *C-O-Two Co.*, 342 U. S. at 185-186.

The record is clear that Lockwood chose not to file a Declaratory Judgment action and to do nothing. It closely followed the Chicago Metallic litigation, and continued to reap the benefits of its willful and deliberate infringement. (FF 71.) The reason it did nothing is obvious. Chicago Metallic had the burden, risk and expense of successful *or* unsuccessful litigation on the patents, and Lockwood's attorney had informed it that Lockwood infringed "if valid". (DX 52, R. 873, 897.)

The Sixth Circuit concluded that "the parties are not in agreement as to the holding of the [1963 Seventh Circuit] case concerning the '526 product patent." (App. p. A3.) The District Court held "with some trepidation" (App. p. A16) that the 1963 opinion of the Seventh Circuit determined the validity of the product patent. Both courts ignored the obvious. The Seventh Circuit itself, in its second opinion in the Chicago Metallic case rendered June 17, 1965, stated:

> "No judgment was rendered in this Court [in 1963] with reference to the merits of the three derivative [product] patents." (App. p. A54.) (Material in brackets supplied.)

Even the principal "damage" or laches detriment[5] suffered by Respondent and discussed by the Sixth Circuit (App. p. A7) occurred on February 25, 1965, some four months *before* the June 17, 1965 opinion of the Seventh Circuit on the product patent and some fourteen months prior to the Final Order in the *Chicago Metallic* case.

The opinions of the Seventh Circuit appended hereto (App. pp. A42-52 and 53-56) and the District Court Order (App. p. 57) clearly show that Petitioner was consistently engaged in litigation on the validity, scope and royalty parameters (see 35 U. S. C. § 284) of its patents until September 19, 1966. This suit was filed in May of 1967—some eight months later. In this there was no laches delay as a matter of law.

CONCLUSION.

The rule of law here involved relates exclusively to patent cases wherein a patent owner is excused from bring suit, and laches is tolled, by the existence of other litigation on the *same patents* during substantially the entire period of delay.

In *Sears* v. *Stiffel*, 376 U. S. 225, at 230-231 (1964), this Court stated:

> "Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition.[7]

7. The purpose of Congress to have national uniformity in patent and copyright laws can be inferred from such statutes as that which vests exclusive jurisdiction to hear patent and copyright cases in federal courts, 28 U. S. C. § 1338(a), and that section of the Copyright Act which expressly saves state protection of unpublished writings but does not include published writings, 17 U. S. C. § 2."

The *Sears* admonition for a uniform national policy on patents and copyrights was restricted to patents in the recent decision

5. A sale of assets.

of this Court in *Goldstein* v. *State of California*, ... U. S. ....., 93 S. Ct. 2303, 2316 (1973).

Fair and expeditious administration of congested court dockets burdened with patent matters; conservation of judicial time and litigant's money, and continuity, uniformity and predictability of the law argue for the laches tolling rule covering other pending litigation *on the same patents* as long established and followed in the Second, Third, Seventh and Eighth Circuits. The novel and inconsistent decision of the Sixth Circuit based on the misapplication of non-analogous law should be reversed.

The issue is important to all patent litigants and to the courts:

(a) As vividly demonstrated by the Eighth and Second Circuits' *Clair* decisions, the Third Circuit's *Jenn-Air decision*, and the instant Sixth Circuit case, patent litigation frequently consumes eight, ten or even twelve years or more.

(b) The issue of laches is commonly raised by second-party infringers sued after a prior determination of validity. There have been four Circuit Court of Appeals decisions on the issue since 1967 and three since 1972—all following the traditional rule on notice except the Sixth Circuit in the instant case.

(c) Those patent owners who have relied on precedent and the predictability of common law in the past many years and who have not sent formal, written notices (as now required by the Sixth Circuit) to other infringers *in addition to* the notice to other infringers resulting from the *other litigation on the same patents*, as held sufficient by all other Circuits that have treated the matter, will now have to face laches defenses from willful, deliberate wrongdoers. The patent owners will be punished, as is Petitioner, for having followed established precedent and public policy in not instituting multiple suits against various infringers until after receiving a court reading on the validity, scope, and royalty parameters of their patents.

It is respectfully requested that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Sixth Circuit.

Respectfully submitted,

GEORGE P. MCANDREWS,
135 South LaSalle Street,
Chicago, Illinois 60603,
Attorney for Petitioner.

Of Counsel:

TIMOTHY J. MALLOY,
VICTOR BELLINO,
ROBERT D. TEICHERT,
WILLIAM E. GOOD,
ANDREW KAFKO.

APPENDIX.

Nos. 72-2202 and 72-2203

UNITED STATES COURT OF APPEALS
For the Sixth Circuit

AMERICAN HOME PRODUCTS CORP.,
Plaintiff-Appellant-Cross-Appellee,
vs.
LOCKWOOD MANUFACTURING CO.,
Defendant-Appellee-Cross-Appellant.

Appeal from the United States District Court for the Southern District of Ohio.

Decided and Filed August 28, 1973.

Before: EDWARDS, PECK and LIVELY, *Circuit Judges.*

PECK, Circuit Judge. This is an appeal and a cross-appeal from a judgment of the District Court which found that the two patents in suit were valid and infringed, but that the plaintiff was guilty of laches and therefore could not prosecute the suit. The plaintiff appealed from the finding of laches, and the defendant has cross-appealed from the findings of validity and infringement.

The predominant patent is a process patent (#2,687,994) which concerns a method of darkening tin by oxidizing it. The second is a product patent (#2,724,526) for a baking pan having a steel base, an overlaying layer of iron-tin alloy, a further layer of metallic tin, and a surface layer of olive-green oxide. The second is a derivative of the first in that the pan is

the end result of the process. These patents are fully discussed in two opinions of the Seventh Circuit, *Ekco Products* v. *Chicago Metallic Mfg. Co.*, 321 F. 2d 550 (7th Cir. 1963), *cert. denied*, 375 U. S. 970 (1964), and 347 F. 2d 453 (7th Cir. 1965), and in the opinion of the District Court, 173 U. S. P. Q. 486 (S. D. Ohio 1972), and the technical details need not be repeated here.

I.

LACHES.

The record discloses that there are only three major manufacturers of commercial baking pans in the United States. The largest is Ekco, a subsidiary of the named plaintiff, American Home Products; the second is Lockwood, the defendant; the third, and smallest of the three, is Chicago Metallic Mfg. Co., against whom Ekco brought an infringement suit in 1958 for infringement of the same patents which are the subject of this suit.

In March of 1950, Ekco applied for the '994 patent, which issued in 1954; in April of 1950, Ekco applied for the '526 patent, which issued in 1955. Ekco began to market baking pans manufactured by the patented (pending) process in 1950. In the fall of 1951, Lockwood began to market an identical line of pans. In September of 1956, after both patents had issued, Ekco notified Lockwood and Chicago Metallic that Ekco felt that they were infringing Ekco's patents. Both Lockwood and Chicago Metallic denied that they were infringing, and both declined an offer to sign licensing agreements.

Following this reply from Lockwood, Ekco replied to Lockwood with a two paragraph letter, a document critical to this case, which read in its entirety:

> "We have received your letter of June 11th, 1957 regarding our proposed license agreement relating to the process of forming a heat absorptive oxide coating on tin plated bake pans.

> Since your letter raises a legal question, I have referred this matter to our attorneys and have asked them for their opinion regarding the position you have taken."

There was no further correspondence or other communication between Ekco and Lockwood concerning these patents until the filing of this suit in 1967. During this ten year interval, however, Ekco was not idle.

In May of 1958, Ekco commenced patent infringement litigation against Chicago Metallic in the Federal District Court in Chicago (N. D. Ill.) for infringement of the dominant '994 and the derivative '526 patent (and for infringement of two other derivative patents not relevant to this case). In March of 1962, the Chicago District Court held that the Ekco patents were invalid. In August of 1963, the Seventh Circuit reversed this judgment, holding that the '994 patent was valid, 211 F. 2d 550 (7th Cir. 1963), *cert. denied*, 375 U. S. 970 (1964); the parties are not in agreement as to the holding of this case concerning the '526 patent.

Upon remand, the District Court found that the '526 patent was valid and infringed (damages as to the '994 patent had been settled). On June 17, 1964, the Seventh Circuit reversed this judgment of the District Court and held that the defendant in that case was not infringing patent '526 relating to the tin plate baking pan because it had a thicker alloy layer than described in the patent claims, 347 F. 2d 453 (7th Cir. 1964). Upon remand, accountings were made and on September 19 1966, the parties settled the case and the District Court entered a final order terminating all proceedings in the Chicago Metallic case. Eight months later, on May 23, 1967, Ekco brought this action against Lockwood in the District Court for the Southern District of Ohio. As noted above, the District Court found that the patents were valid and infringed, but dismissed the complaint upon a finding of laches.

The parties do not dispute that the doctrine of laches is applicable to patent cases in which the plaintiff has "acquiesced

for a long term of years in the infringement of the exclusive right conferred by the patent, or [has] delayed, without legal excuse, the prosecution of those who have openly violated it." *Woodmanse & Hewitt Mfg. Co.* v. *Williams*, 68 F. 489, 493 (6th Cir. 1895) quoting *Kittle* v. *Hall*, 29 F. 508, 511 (S. D. N. Y. 1887); see also *General Electric Co.* v. *Sciaky Bros.*, 304 F. 2d 724 (6th Cir. 1962).

Generally, laches requires that there be, in the light of all the existing circumstances, an unreasonable delay resulting in prejudice to the other party. *Sobosle* v. *United States Steel Corp.*, 359 F. 2d 7, 12 (3rd Cir. 1966). Ekco, however relies upon the generally accepted principle that delay in suing an infringer is not legal delay in a laches sense when the party asserting the patent is engaged in other litigation against other infringers. *U. S. Mitis Co.* v. *Detroit Steel & Spring Co.*, 122 F. 863, 866 (6th Cir. 1903); *Jenn-Air Corp.* v. *Penn Ventilator Co.*, 464 F. 2d 48, 50 (3rd Cir. 1972). This exception takes into account the fact that patent litigation is often unusually complex, lengthy and expensive. It is an equitable doctrine, and must be considered as one factor which would, in appropriate circumstances, negate a defense of laches. Therefore, we must assess the various factors which might tend to negate a claim of unreasonable delay and must consider all of the factors which contributed to this admittedly unique situation.

First of all, we reject Ekco's suggestion that the existence of other litigation automatically excuses any delay in bringing suit against a second alleged infringer. We do not find that the cases support so rigid an application of this equitable doctrine. For example, in *Remington Rand* v. *Acme Card System*, 29 F. Supp. 192 (S. D. Ohio 1937), the earlier litigation had been terminated favorably to the patent owner only four weeks before the second suit was brought. Nevertheless, the patent owner was precluded from maintaining the second suit by the doctrine of laches because the plaintiff had lulled the

defendant into a sense of security and induced it to make expenditures which otherwise would have been unnecessary. The court rejected the plaintiff's argument that other litigation automatically excused the delay in bringing the action against the defendant. 29 F. Supp. at 200.

Also, in *Anchor Stove & Range Co.* v. *Montgomery Ward & Co.*, 114 F. 2d 893 (7th Cir. 1940), the Court refused to permit the action to be prosecuted even though the plaintiff was engaged in other litigation during the period of alleged delay principally because the defendant in the present suit may have had no knowledge of the prior action. Similarly, in *Baker Mfg. Co.* v. *Whitewater Mfg. Co.*, 430 F. 2d 1008 (7th Cir. 1970), upon which the District Court relied heavily, the Seventh Circuit rejected the "other litigation" defense to the laches doctrine because the patent owner had not found time during the five years prior to the instigation of the second litigation to notify the defendant that it was going to press its claim of infringement. 430 F. 2d at 1015.

In this respect, the admonition of the District Court is precisely pertinent:

> "The fact is there was no agreement [to delay a suit against Lockwood pending the determination of validity in the Chicago Metallic litigation]. If there had been, these corporate entities and their counsel were fully capable of writing an appropriate one-page letter. No other explanation is advanced by the delaying plaintiff." 173 U. S. P. Q. at 497.

This is not to imply that the other litigation rule is applicable only by agreement between the parties; clearly it is not. *See:* 2 Pat. L. Pers. § B.3 [2] at 10-11 (1972). But if Ekco had intended to press its claim after the Chicago litigation, it surely would have (or should have) found time to send Lockwood a simple letter to that effect.

This notification is important, partly because it puts the accused infringer on notice that a suit will be filed against

him on this issue, and partly because it permits him to bring a declaratory judgment action if the delay in waiting for a judicial determination would be a burden upon his proposed operation.

Although the "other litigation" exception does permit a patent owner to sue multiple infringers consecutively, we are unable to find any authority for the proposition that the existence of "other litigation" is a complete bar to the assertion of a laches defense. Although multiple litigation need not be maintained against multiple infringers, we see no reason why a patent owner need not at least assert to the other infringers its intention to bring a subsequent action at the termination of the presently pending action.

The competing equities were set out by the Third Circuit in *Westco-Chippewa Pump Co.* v. *Delaware Electric & Supply Co.*, 64 F. 2d 185 (3rd Cir. 1933):

> "It is rather hard and seemingly unjust that any one should be allowed to infringe a valid patent and deprive its owner of royalty to which the patent entitles him. On the other hand, it does not seem equitable for a person with full knowledge to sleep on his rights for seven years and thus lead another to think that he is safe in following his counsel's advice that he may manufacture a proposed device with impunity, and then, when he has made large investments and built up a good business, punish him and innocent investors for doing what might have been prevented by timely action on the part of the patentee." 64 F. 2d at 186.

In addition to Ekco's failure to assert its intentions to Lockwood in 1958, there is the additional failure of Ekco to bring suit against Lockwood after the first opinion of the Seventh Circuit in 1963. The interpretation of the "other litigation" doctrine most favorable to Ekco would only excuse Ekco's inaction up to 1964. There is no excuse for the delay in bringing suit after the first opinion of the Seventh Circuit. That decision found unequivocally that the '994 patent, the

dominant patent, was valid and infringed, and although the case was remanded for further proceedings, no judgment could have been rendered inconsistent with this holding, and Ekco knew that it would prevail in this litigation. This became an absolute certainty when the Supreme Court denied the appellee's petition for certiorari on January 6, 1964, 375 U. S. 970.

Ekco points out that Lockwood was aware of the Chicago Metallic litigation, and it is not unreasonable to presume, in an industry dominated by only three companies, that any one company would be aware of important patent litigation between the other two. However, the knowledge of the other litigation is not the important factor; the point is that Ekco never asserted to Lockwood that it intended to file similar litigation against it at the conclusion of the Chicago litigation. Had such notice been made by Ekco at any time during the pendency of that litigation, until 1963, the company would have been informed of the threat of litigation on this process and this particular product, and the company could have taken steps to mitigate any losses which might result from an adverse result in such a suit.

The damage resulting to Lockwood by the failure of Ekco to inform it of the threat of litigation is most clearly demonstrated by an interim transaction. On February 25, 1965, all of the assets of the Lockwood Company were sold to new owners. As a part of this transaction, the sellers were requested by the purchasers to list all pending and threatened law suits against the company. Although various unrelated matters were listed, including one involving Ekco, no mention of this patent dispute was made. This failure to include this dispute in the list of threatened litigation indicates the reliance which Lockwood had placed upon Ekco's failure to assert this cause of action against it, even in the most informal manner. In reliance upon this silence, the purchasers of the Lockwood Company were deprived of the opportunity to consider the effect which this litigation might have upon the company, and, unaware of any claim against the company, built up the business by expanding the

operations of the company using the contested product and process. *See Anchor Stove & Range Co.* v. *Montgomery Ward & Co., supra,* at 895.

As an issue of fact, a finding of laches cannot be disturbed unless it has been shown to be clearly erroneous, *General Electric* v. *Sciaky Bros., supra;* Rule 52(a) F. R. C. P., and as a question addressed to the discretion of the District Court, it will not be disturbed unless an abuse of discretion has been shown. *City of Erlanger* v. *Berkemeyer,* 207 F. 2d 832 (6th Cir. 1953); *Baker* v. *Whitewater, supra,* at 1009; *Gillons* v. *Shell,* 86 F. 2d 600, 611 (9th Cir. 1936). After a careful consideration of the record before this Court, we conclude that the appellant has not met this burden, and accordingly, the judgment of the District Court on the issue of laches is affirmed.

II.

VALIDITY.

On cross-appeal, Lockwood contends that both patents in suit are invalid for obviousness. The technical details of the patents are set out in the opinions of the Seventh Circuit and in the opinion of the District Court. Suffice it to note that, as detailed in these prior opinions, the patented process is a two step process: first, the pan is anodized to form an oxide coating on the tin that is dark or blue-black in color; the second step involves heating the pan to an elevated temperature from about 190°C to 230°C to convert the oxide to green oxide of tin.

Initially we observe that the normal statutory presumption of validity accorded to a patent (35 U. S. C. § 282) is greatly enhanced when it has been held valid in a prior decision. A prior adjudication of validity should be followed "unless the court is convinced of a very palpable error in law or fact." *Cold Metal Process Co.* v. *Republic Steel Corp.,* 233 F. 2d 828, 837 (6th Cir.) *cert. denied,* 352 U. S. 891 (1956), quoting *Penfield* v. *C & A Potts & Co.,* 126 F. 475, 478 (6th Cir. 1903).

Lockwood's position, however, is that the prior decisions of the Seventh Circuit should be reconsidered in light of new evidence which was not presented to that Court in the Chicago Metallic litigation. Lockwood contends that the Seventh Circuit did not consider the argument that the patent is obvious because the second step of the patent process is an inevitable result of heating the pan, which would occur in ordinary baking. Lockwood argues that the heating incidental to baking causes the color change because the claimed temperature range covers the temperatures used in ordinary baking, and that therefore the patents should be held invalid because the results flow naturally or inevitably from the teachings of the prior art.

We agree with the District Court that the evidence presented did not support this argument. The temperature specified in the patent is just below the melting point of the tin. The evidence showed that pans take many hours to convert the green oxide of tin when bread dough is in them because the heat of vaporization of the water in the dough causes the surface temperature of the pan to drop too low for rapid conversion; before this conversion could be completed the thick black oxide would flake off and the pans would corrode. After hearing the testimony of the inventor (Russell) and of experts in the field, and after hearing the testimony of Lockwood's technical experts, the District Court made the following finding:

> "This record demonstrates, however, that what the inventor Russell did—simple as it was—defied the expert research, not only of those possessing 'ordinary skill' but of those who could be described as the most skilled. Even after the result (i.e., product of what he had done) was in the hands of Chicago Metallic, Lockwood, U. S. Steel, The Batelle Memorial Institute, etc.—so, each of them had the benefit of knowing what their objective was—it took Chicago Metallic months and Lockwood more than a year to solve what was concededly a definite 'advance.' That is hardly obvious." 173 U. S. P. Q. at 490.

We conclude, after an examination of the record before this Court, and after a careful consideration of the prior decisions of the Seventh Circuit, that the District Court's finding that the additional evidence presented by Lockwood was insufficient to overcome the enhanced presumption of validity which accompanies this patent.

The judgment of the District Court is affirmed.

UNITED STATES DISTRICT COURT
For the Southern District of Ohio
Western Division

AMERICAN HOME PRODUCTS CORPORATION,
Plaintiff,
vs.
LOCKWOOD MANUFACTURING COMPANY and WASSON ROAD COMPANY, et al.,
Defendants.

Civil Action
No. 6429

FINDINGS, CONCLUSIONS, AND ORDER.

This is a patent infringement case—as usual, very multi-issue. The "multi" includes validity—with multi subissues, infringement, a claim of introduction of "new matter" (35 U. S. C. 132) in the Patent Office proceedings, file wrapper estoppel, wrong inventorship, laches, patent misuse (in Janus), etc.

Two patents are involved:

No. 2,687,944 (applied for March 17, 1950, issued August 31, 1954, titled "Method of Forming an Oxide Coating on Tin") which will be referred to simply as "994."

No. 2,724,526 (applied for April 18, 1950, issued November 22, 1955, titled "Tinplate Baking Pan") which will be referred to as "526."

"994" is a process or method patent; "526" is a product patent.

Generally speaking, the process patent dealt with the problem of what to do in a cheap, fast, constant, and efficient manner with a baking pan fashioned from tinplate, produced by the steel manufacturer, so that the pan could be used for efficient

baking upon its receipt by a baker. Generally speaking, the product patent dealt with this problem: What baking pan, from a content point of view (i.e., how much of this and how much of that), is immediately usable by a commercial baker?

A probably over-simplistic—but at least introductory—posing of the problem, a la 1950 and before, is this: One cannot bake commercially and repetitively in pans made simply of a dark metal, such as iron. Dough plus heat equals moisture, which corrodes or rusts the dark metal. The answer to that problem is to plate the metal with something which will stand the heat (no reflection on Mr. Truman) but will not rust and in the trade the answer to that has always been tin. Tin solves the corrosion problem, but in itself raises another one, and did. Tin reflects so much of the oven heat from its surface that the temperature inside the pan never rises to the desired height and in consequence, the bread bakes slowly and the crust, rather than turning the desirable color, remains practically white. So, the reflective quality of the tin had to be removed; or, stated another way, the outside surface of the tin had to be darkened. For many years this was accomplished by the baker in this manner (called "burned out" or "burned in," depending on one's point of view): The new tinplate baking pan as furnished by the pan manufacturer would be put into an oven capable of producing something like 400 or 400+° F and heating it. The purpose of all this was to oxidize the tin layer and hopefully the outer portion of it. Tin melts at something around 425° F. Obviously, the closer you got to it without hitting the 425° mark, the shorter the burning time. If you got over it, the tin melted and would expose the steel underneath and you were right back where you started from. If you were too low, obviously it was a waste of time. The ordinary commercial oven does not distribute its heat with mathematical accuracy. Given a good sized one and a lot of pans, it is not difficult to visualize the problems. It was not impossible to "burn in" in this fashion and get the desired result at the end of the process; on the

other hand, it was not usual. Generally speaking, as a result of some hours of "burning in"—and asuming the temperature of a particular pan among a number was not too low (with no result) or too high (with ruination)—you got a pan which had a layer of tin oxide on the outside which still was not thick enough. The commercial baking process itself did carry the process forward, but in the meantime your pan would bake in a subpar fashion (resulting from being too reflective) for the first dozen or so bakes. Your product during the first week would be subpar. At some point between ten and twenty bakes, the layer would build up sufficiently so that the heat reflection would "stop"—the buildup would stop too because, if you did it right, you would have enough tin between the tin oxide and the iron or steel tin alloy to accomplish the purpose for which the tin was put on to begin with. This "just so" buildup was marked by the tin oxide layer assuming a hue which, in the baking trade and/or in the chemical trade, is referred to as "green" or "olive." A good commercial baking pan, going from outside to inside, will consist of—if one would speak of the layers as separate—a layer of green oxide of tin, a layer of tin, a layer of tin-metal (iron or steel) alloy, and then what you started out to use as the baking pan before you ran into all the various troubles. The consistency, impact strength, and adherency of each of those three "covers" is important. Tin is an expensive item, and that is important.

For many years prior to the late 1940's, the commercial bakers enlisted the help of the pan manufacturers. One form was a request that the pan manufacturers "burn in" their pans and at least one of them made some effort along that line. Of course, that did not solve the problems, but merely changed the one who had them. The tinplate after the war did not seem to be as susceptible to "burning in" as pre-war. The pan manufacturers brought the problem to the steel companies and they were both conscious of it and working on it.

In the 1940's and 1950's, and apparently even today, three companies practically monopolize the manufacturing of baking pans. One is a Chicago company, called Chicago Metalic. Another was a Chicago company, called Ekco Products Company. Ekco was acquired by the plaintiff American Home Products in 1965 and has continued to operate since then as a division or subsidiary of the plaintiff. The third is the defendant Lockwood.

This case was tried some months ago. At the conclusion of the trial, one of the issues in the case, i.e., laches, was severed and the case was otherwise submitted. The reason for the severance was this: In 1965, what we have referred to as the "Lockwood" Company sold all of its assets in a more or less typical asset transaction to a new company. As part of the transaction, the then existing "Lockwood" Company changed its name to "Wasson Road" and a new company controlled by the purchaser was incorporated, called "Lockwood." Both the old company and the new one were parties defendants to this case. In 1969 the old company and the plaintiff settled whatever their differences were without prejudice to the claims of the plaintiff against the new company and the fact and "non-prejudice" of the settlement were stipulated into this record. The case continued on against the new company. At the trial of this case as between the plaintiff and the new company, the new company sought to introduce into evidence the contract of sale between the old company (Lockwood of Ohio) and the new company (Lockwood of Delaware). This proposed exhibit had not been listed by the defendant in its pretrial statement, despite the fact that the standing order of this Court requires the listing in a pretrial statement of every exhibit which a party intends to use in chief, and despite the fact that laches was not only an issue, but rather extensively briefed in that pretrial statement. Ordinarily this Court summarily sustains objections based on such a ground, lacking the exceptional situations (such as the existence of the exhibit not being known

until trial time) or a situation in which the overall ends of justice require the admission despite the disregard of a previous court order. This exhibit seemed to fall into the latter category, as we shall see, from a laches point of view.

This case would be materially different in this Court's opinion if in the sale contract there had been something to the effect that the seller had disclosed that a patent infringement liability against one of its processes and one of its products had been asserted by Ekco and that the seller will be under no responsibility to the buyer (if the buyer elects to continue the process and continue making the product) (for any possible infringement liability incurred by a buyer to Ekco.

On the other hand, from a justice point of view, such an unanticipated exhibit should not be introduced until such time as the adversary has full and complete discovery opportunities with respect to it. A ruling on the admission was therefore reserved, the issue severed, and the plaintiff given full discovery opportunity.

That has led to this: The plaintiff has developed that a substantial portion of the purchase price, i.e., $2,000,000.00, or something approaching a third, was paid via a subordinated non-negotiable note due in 1977. The parties are agreed that if the sales contract is admitted, the note should likewise be admitted. The plaintiff does not desire to carry discovery further. The defendant wants another trial on the issue.

It would be going pretty far even as a matter of discretion and in the overall justice field to go into a second trial to produce evidence to bolster up an exhibit not listed in a pretrial statement.

Overall then, the exhibits in question, being the contract and the note (Defense Exhibits 69 and 69-A) are admitted into evidence; the plaintiff's motion to strike the defense of laches is overruled; and the defendant's motion for a further trial on the severed issue is denied. It is noted that a protective order appears to be desired if reference be made to these exhibits

herein. Reference will be made; therefore, counsel may present a proposed order.

Several more preliminaries—

These patents have been extensively litigated between two litigants ready, able and willing to litigate almost every issue presented in this record—and the emphasis is on the "able." The litigants were Ekco (plaintiff's predecessor) and Chicago Metalic. The litigation started in the Northern District of Illinois in May of 1958. The District Court held both patents invalid and not infringed. The Seventh Circuit, in August of 1963 (*Ekco* v. *Chicago Metalic*, 321 F. 2d 550) reversed the District, concluded that "994" was both valid and infringed, and remanded with respect to "526" for further consideration by the District in the light of the Circuit's comment on "994." The District Court in Illinois thereafter concluded that the "remarks" made in the "previous opinion" of the Circuit left it with "no latitude" and therefore concluded that "526" was both valid and infringed. Evidently the District Court was half right. When the case came before the Seventh Circuit the second time [347 F. 2d 453 (1965)] the Circuit said:

> "* * * If we had intended to order a judgment that '526 was infringed, we would have said so as we did with the '994 patent. We intended the District Court should make an independent judicial determination on this point."

With some trepidation—since the parties to this case do not agree on what the Seventh Circuit did with "526"—we think "this point" means "this point." Or stated otherwise, that if the Seventh Circuit meant that the District was free to consider validity, it would have "said so." In any event, Chicago Metalic prevailed in the "526" litigation and it is of some import to note that it prevailed on a file wrapper estoppel ground. The measurements of one of its layers—and the critical layer—did not come within the "526" measurements.

Parenthetically, one of the claims of misuse is this: When Chicago Metalic obtained a license to use the process patent, it

also was licensed to use the product patent. The defendant characterizes this as a sort of tie sale. That does not tally with the facts—Chicago's uncontradicted testimony is that Chicago wanted the produce license and the evidence is that when the plaintiff offered to tear up that part of the agreement which dealt with the product license, Chicago would not hear of it. Two notes: (1) As the Supreme Court said in *Morton Salt Co.* v. *Suppiger*, 314 U. S. 488, "Equity may rightly withhold its assistance * * * and should do so at least until it is made to appear that the improper practice has been abandoned * * *." (2) One can well understand how an alleged infringer, saved by file wrapper estoppel, might want to avoid the risks of the variables of industrial practice or, indeed, might want to encroach the boundaries. That is evidently related to Chicago Metalic's desire for the license. In any event, this Court has no difficulty in finding that Chicago Metalic was not "required"—it got what it wanted.

To return to Ekco-Chicago Metalic litigation, the opinion of the Seventh Circuit clearly discloses on its face a determination of the scope and content of the prior art; the differences between the prior art and the claims at issue in that case, as well as the claims at issue in this case; the level of ordinary skill in the pertinent art; the non-obviousness of the subject matter.

In addition, the secondary considerations, including commercial success, long felt but unsolved needs, and the failure of others, etc., were determined and utilized to give light to the circumstances surrounding the origin of the subject matter. Further, the secondary indicia were obviously treated as secondary. In other words, everything which the Supreme Court dictated in *Graham* v. *Deere*, 383 U. S. 1, and which the Sixth Circuit has, of course, repeated [*Kolene* v. *Motor City*, (1971); *Westwood* v. *Owens*, (1971); *Tapco* v. *Van Mark*, (1971)—to take a few examples] has been done in the federal judicial process; not only that, but on every major question of fact, district court findings of fact contra the patent owner on validity met this in a circuit:

> "We are not required to accept the findings of the district court if they are not supported by the evidence or are clearly erroneous."

This, then, on the question of validity. We have carefully reviewed this record with this question in mind: Are there any facts in this record relevant to validity which were not before the Seventh Circuit? The answer, of course, is "yes," since no two cases try the same. But, while there is additional evidence and there are additional facts, they are in the comme çi, comme ça field. There is nothing new of import in this record.

In *Cold Metal* v. *Republic*, 233 F. 2d 828 (1956)—dealing with a situation in which a validity issue arose between a patentee and a different "infringer" in a district court in this Circuit and with respect to a patent which had been litigated between a patentee and different "infringers" in two other circuits, resulting in an upholding of validity in each of those circuits—the Sixth Circuit said at p. 837:

> "* * * The prior decisions holding these patents valid should be followed unless the court is convinced of a very palpable error in law or fact."

As a mixed finding and conclusion, there is nothing in the record of this case which would lead this Court to a "conviction," let alone "very palpable." On the contrary, our review of this record leads us to the same conclusions arrived at in the Chicago Metalic litigation.

We are fully aware that *Blonder-Tongue* v. *University*, 402 U. S. 313 (1971), deals with a completely different question and that, under the present state of the law, a patent owner, although his patent may have been found valid in a half dozen circuits in able contests, still lays the question on the line in any district in some other circuit if an infringement case is filed. Surely many of the reasons for the *Blonder* rule are as applicable to the one situation as the other. The mutuality requirement ought to be, as the saying goes, "put to the torch," but until it has been, we have no alternative but to assume that the plowed

field has been completely rolled over and go plow again. We have so done and the mechanics of "findings and conclusions" in the context of this case is a little out of the ordinary.

In the first place, the ultimate findings and conclusions with respect to the state of the art, skill, etc., are already in the books —better said than we could say it—in the first opinion of the Seventh Circuit above referred to. Secondly, a great deal of the law applicable to this case has found its way in the books via recent opinions of the Sixth Circuit above referred to. For instance, *Westwood* describes the burden of proof with respect to invalidity as a "heavy one." And the same case emphasizes the correct secondary consideration to be given to such matters as commercial success, etc. What everybody agrees to have been the "most pertinent prior art" was obviously considered by the Patent Office in this case, without question in respect of the process patent and certainly inferentially in respect of the product patent; and *Tapco* teaches that, in such a situation, "the presumption is clearly strengthened." The same case deals with another aspect of this one. Essentially what was new in this case as applied to the process patent was to heat something at high temperatures. It is urged that that would have occurred to anybody, for one thing, and, secondly, whether it did or did not occur to anyone, it would have actually been done in glazing. (In the 1940's Dow Chemical produced a glaze which did away with the necessity of "greasing," and made the baked product readily removable—this glaze was applied to the interior of a pan and then cured, which involved a heating at about the same temperature as one would heat, using the second step of "994.") As *Tapco* teaches, adopting the statement from *Goodyear* v. *Ray-O-Vac*, 321 U. S. 275 —

> "Viewed after the event, the means Anthony adopted seem simple and such as should have been obvious to those who worked in the field, but difference is not enough to negative invention. * * *"

This record demonstrates, however, that what the inventor Russell did—simple as it was—defied the expert research, not only of those possessing "ordinary skill" but of those who could be described as the most skilled. Even after the result (i.e., product of what he had done) was in the hands of Chicago Metalic, Lockwool, U. S. Steel, The Batelle Memorial Institute, etc.—so, each of them had the benefit of knowing what their objective was—it took Chicago Metalic months and Lockwood more than a year to solve what was concededly a definite "advance." That is hardly obvious. There is an indication that during that time U. S. Steel once did just what Russell did—after Russell did it—but did not get the desired result and never tried again.

The third matter relevant to "mechanics" is this: Each of the parties has filed proposed findings and proposed conclusions. The fact proposals as filed are meticulously detailed, artistically drafted, and aggregate 110 printed pages.

Since this Court regards the determinative question in this case as the laches question, detailed consideration must be given to the facts and the law involved in that. Sheer pragmatic considerations require this mechanical disposition of the facts and conclusions concerning the other issues to the extent they have not been hereinabove dealt with.

This Court adopts as findings of fact plaintiff's proposed findings numbered 1 through 71 and 73 through 76. This Court likewise adopts the following findings of fact as proposed by the defendants: 1 through 4, 6 through 14, 26, 34, 82 through 91, 95, 99, 100, 105, 106.

With respect to the proposed conclusion of law, this Court adopts the following from the plaintiff's proposals: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14. With respect to 5 and 6, it has already been emphasized that those considerations are secondary.

Before dealing with the matter of laches, one final notation. In the view of this Court, there is really no serious issue of infringement. If either patent is valid, infringement has clearly

been established and if it needs repeating, the conclusion of validity in respect of each patent is arrived at first independently and secondly since this Court sees nothing wrong, let alone palpably wrong, with the previous adjudication in the Seventh Circuit.

LACHES.

The facts are chronologically as follows:

March 17, 1950—The application on the "944" patent was filed.

March, 1950—Ekco commenced commercialization with considerable advertising, immediate acceptance and commercial success, and immediate efforts by its two competitors to find out what Ekco was doing and to copy it.

April 18, 1950—The "526" application was filed.

Fall, 1951—Lockwood commences commercialization of its infringing process and product.

1952—Ekco was quite patent conscious in this whole matter from the very beginning. It acquired the new Lockwood pans and the new Chicago Metalic pans very shortly after its two competitors began to produce them commercially. It tested them and urged on the Patent Office speed in the processing of its applications on the ground that its then application-pending patents were being infringed.

Aug. 31, 1954—"994" issued.

Nov. 22, 1955—"526" issued.

Sept. 24, 1956—Ekco notified Lockwood that it was infringing both patents and suggested the parties meet to discuss the matter. As an indication of how these two companies were watching each other—in only two weeks Lockwood wrote back, stating that their patent counsel had reaffirmed his position that no infringement exists. The possibility of patent problems had been in Lockwood's

mind since 1951, just as it had been in Ekco's mind, and they were both diligent enough watching what the other one did to warrant this finding.

Sept. 1956—Ekco was generally familiar with the process used by Lockwood and was fully familiar with the measurements of the tiers of the layers.

Oct. 23, 1956—A meeting between the patent counsel of the two firms took place. Ekco asserted liability and Lockwood denied it and the upshot was that they both sort of decided to find out what they were really arguing about in terms of figures. So, the meeting ended on the note that Ekco would submit a proposed license and Lockwood would consider it.

March 28, 1957—Ekco transmitted the proposed license to Lockwood. This matter was again submitted to Lockwood's patent counsel and about a month and a half afterward counsel formally reported that in his opinion there was no infringement and in his opinion the patents were invalid, but that if Claim One of "994" was valid, Lockwood would be infringing that claim.

June 11, 1957—Lockwood informed Ekco in writing that its counsel had advised no infringement and, therefore, the proposed licensing agreement was unsatisfactory and would not be signed—the latter in effect.

July 10, 1957—Ekco acknowledged that, with this conclusion:

> "Since your letter raises a legal question, I have referred this matter to our attorneys and have asked them for their opinion regarding the position you have taken."

Nothing thereafter passed in writing between Ekco and Lockwood and/or their successors, from that date, pertaining to this controversy or to anybody's position in this controversy until this case was filed, for all practical purposes, ten years later—May 23, 1967.

The officers of these two companies, as well as their lawyers, were not strangers; they competed heavily and daily; they met at conventions and shows. Except for one claimed passing telephone conversation, there is no evidence in this case whatsoever that over a ten-year period any Ekcoian ever even mentioned to any Lockwoodian that you "ain't doing right by us"; or stated otherwise, that their lawyer did not agree with Lockwood's.

1957—During the same period of time that Ekco was discussing with Lockwood, it was discussing with Chicago Metalic. The results were no different. It is claimed that some time after July of 1957, one of the officers of Ekco indicated in a telephone conversation, or perhaps two conversations—one with Harold Lockwood, the president, and the other with the then general counsel for that concern—that should the Chicago Metalic negotiations completely break down, Ekco would sue Metalic first, since they were in the same city, in order to establish the validity of their patents, their infringement, and the means of calculating royalties; and then, assuming success eventually, Lockwood would be called to an accounting meaning that the patentee would go after one claimed infringer first and, if successful, would then go after the other claimed infringer. By the time this case was filed, both Mr. Lockwood and his general counsel were dead.

Under all the circumstances, it would be this Court's finding, if in the context of this case plaintiff has the burden of establishing that conversation and it be important, that that burden has not been met. Since the plaintiff is the first person to state that that conversation took place under accepted rules and entirely apart from patent law, it would seem pretty clear that plaintiff would have the burden; so, this Court, as a fact finder, concludes that there simply was nothing said or written by the pat-

entee for almost ten years—in a period after initial notification of infringement.

It is as well to point out here as hereafter, that plaintiff does not even claim that anyone connected with the defendant ever said, "That is fine," or anything like it. At best they just listened and to listen to anyone who is telling you why he has not sued you certainly is not acquiescence.

May 13, 1958—Ekco sues Chicago Metalic.

March 28, 1962—First Northern District of Illinois opinion.

Sept. 24, 1962—The statutory six-year period (35 U. S. C. 285) beginning with the Ekco notice to Lockwood of infringement expired—or if one would say it another way, started to toll infringement on a thereafter daily basis.

Aug. 16, 1963—The first Seventh Circuit opinion. Without any doubt, this upheld the validity of the process patent. If there was any doubt on whether it upheld the validity of the product patent, it was a tiny one and that, of course, was dispelled later on, as we have seen. Of course, Lockwood knew of that holding very quickly after it issued. That is not the point. The point is what did Ekco do consistent with a present intention of asserting an infringement responsibility against Lockwood? The answer is, "Nothing."

Jan. 6, 1964—The Supreme Court denied certiorari—375 U. S. 970. The plaintiff on brief in this Court claims that this is such an open and shut case on the issues of validity and infringement that it comes within the "exceptional" language of 35 U. S. C. 285.

By January of 1964, the plaintiff knew everything, generally speaking, respecting invalidity and infringement that it knew when this case was tried. There was simply no

reason, consistent with intent to go ahead, for not at least reasserting the claim in a one-paragraph letter in January of 1964. It hardly needs statement, in the light of the mere poundage weight of this record to recount this: From the time Lockwood launched on its commercialization, it built up the line, it built up a trademark related to the line, it built up business related to the line, it made capital improvements—the capital improvements and build-ups cost substantial sums of money. The expenditures were continuing—no one can say whether or to what extent they would have been made if an infringement suit had been seasonably filed. All of us rely on the inaction of others in doing what we do—and so did Lockwood. Apart from the one or two telephone conversations, the plaintiff's argument is that it was waiting not only for validity and infringement in Chicago, but also for damage determination before going after Lockwood. The most anyone could call that is unilateral reasoning; the least it indicates is that, even with the certiorari, the plaintiff still could not make up its mind whether it had or had not abandoned its claim.

Feb. 25, 1965—Lockwood, I, sells to Lockwood, II. There is no doubt that Ekco knew about this sale at least by the day after it closed and was announced in the press. Once again, not one word to the buyer. We do not mean to imply that Ekco knew whether the transaction was a stock deal or an asset deal. It evidently did not have enough interest to find out and warn the successor if it was asserting a claim and that the successor might be walking into it. More about the contract later.

1965—Ekco is sold to American Home Products.

May 23, 1967—This case was filed. Originally it involved only Lockwood, II, as defendant. Lockwood, II, had some officers who had been officers of Lockwood, I, and they certainly knew about what had happened between

> Lockwood and Ekco in 1956 and 1957. The buyer, Lockwood, II, had no such independent knowledge whatsoever, either actual or imputed. It continued to operate the process involved and produce the product involved in absolute good faith, without any knowledge at all that Ekco either had a claim or intended to assert a claim until the case was filed. As a matter of fact, the plaintiff did not even know about Lockwood, II, as such, until this litigation had been going on some time, when it found out about the detail of the transaction and moved in this Court to make Wasson (nee, Lockwood, I) a party.

One set of facts that does not lend itself to a chronological statement has to do with the Lockwood purchase/sale contract and what plaintiff calls "cover"—the subordinated non-negotiable, long-term (12½ years) $2,000,000.00 note. The contract is in the standard form of asset contract. It is dated February 27, 1965, and, in accordance with its terms, the purchase price was $7,000,000.00 gross, less a number of items—the amounts of which are neither determinable from the evidence in this record, nor important to this case. The sale agreement covered all of the assets of the seller. The "free and clear" does contain something slightly unusual, which is repetitive throughout the contract in that there is excepted from the free and clear "certain other restrictions which do not affect marketability." However, there is no evidence in this case based on which this Court could tie that up with anything except a springboard to speculation. There is nothing in the contract one way or another dealing specifically with patents or infringement, or anything of that nature (meaning that there is no warranty by the seller to the effect that no process or product infringes on any patent). The seller undertook to assume and be solely responsible for all of its liabilities, except such as expressly assumed in a limited paragraph which has no language in it applicable to this case. In other words, under the contract the seller was responsible for what it did before the closing and the buyer was responsible

for what happened afterward. That is not to say that there is no language in the contract which might not be the subject of litigation between the buyer and the seller related to this case if the buyer be held responsible in this case. There may well be, but if one long drawn-out patent case bearing the characteristics so well described in *Blonder* is detriment—as this Court thinks it is —certainly a long drawn-out patent case and a long drawn-out contract case is double detriment.

There is one paragraph of this contract quite relevant to this case. The seller was called on to make the standard representation in respect of "actions or proceedings" pending and the standard representation—"Nor are there, to the knowledge of the seller, any such actions or proceedings threatened against it, or any of its subsidiaries, other than the following: * * *." Disclosure was made of three cases. We pause here, with this question addressed to any reader:

> "If, in 1965, you had been the responsible negotiating officer of Lockwood, I, and knew everything in the record of this case, how would you have described the situation in respect of Ekco?"
>
> and
>
> "Is a letter-asserted claim, followed by a meeting and another couple of letters and at the most two telephone calls in 1957, when subsequently followed by eight years of silence, what one would describe at the end of the eight years a then-present 'threatened action'?"

Lockwood, I, in context decided "No." We agree. Others may disagree, but the point is that if this claim had been asserted with any degree of relationship to anything contemporaneous, Lockwood, I, may have and probably would have decided differently. We can then only speculate what Lockwood, II, would have done and/or whether they would have continued the process if they had closed the transaction. That was their decision to be made in 1965—not Ekco's. Ekco, by its silence, lulled Lockwood, II, into a situation where they might never have been but

for the long silence. That is detriment. In addition, of course, on this record Lockwood, II, has continued to build up the business, the process, the pet advertising name for the process, etc., etc.

LACHES CONCLUSIONS.

The plaintiff makes a number of contentions in respect of the laches defense. One of them hints that a patent infringement suit is legal in nature and does not permit of a laches defense. Another claim is that once an infringement claim is asserted, the defense is never thereafter available and the only time limit is the statute of limitations. Another is that once litigation is initiated by a patentee and other alleged infringers are informed of that, coupled with a claim of infringement, the interval between the notice and final determination of the pending litigation is not included as "sleeping time." Another claim is that whatever the time involved, laches in the abstract is no defense, but that the person asserting it must prove prejudice and has both the burden of proof and the burden of going forward on that score. Another, and we think the last, is this: That laches is a personal defense; it does not permit the "tacking on" of sleeping time vis-a-vis another legal entity, and that is particularly true where some sort of settlement has been agreed upon between the patentee and the predecessor entity.

Therefore, the plaintiff in this case could have been a "sleepy time gal" only after February, 1965, or only for a period of some 20 months. It is a fact that Lockwood, I, was made a party to this case after it was filed and it is a fact that some sort of agreement was arrived at between the plaintiff and Lockwood, I, which resulted in the dismissal of this case as against Lockwood, I, in 1970—it was a dismissal without prejudice to the plaintiff's claim as to Lockwood, II. The actual settlement agreement has been proffered as a part of the defendant's proposed findings. This Court is not aware of its detail, since it is considered irrelevant. It is certainly a very safe assumption that if it were any-

thing other than a covenant not to sue, we would have heard about it a long time before we did.

Since the problem arises in this case in what appears to be a really unusual fact context, it would be in order to deal, at least in short summary, with most of the pertinent cases, some of which have been referred to by counsel and some of which have not. That will be done, again chronologically in the main—

United States v. *Detroit Steel*, 122 F. 863 (6th Cir., 1903). That case is authority for the proposition that "pending litigation involving the validity and construction of the patent was sufficient reason for not bringing other suits of infringement until the patent should be finally adjudicated." In that case, however, there are two significant differences—the time interval involved in the intermediate litigation was three years and a few months. More significantly, "less than six months after the patent was thus adjudicated this suit was instituted." If adjudication in a circuit is "adjudication"—and we certainly think it is—the interval here was three and one-half years, during which time an important event took place. Because of those three things, that case is not regarded as controlling.

France Mfg. Co. v. *Jefferson*, 106 F. 2d 605 (6th Cir. 1939). In this case the patent issued in 1930. The case reached the Circuit in 1939. It is difficult to pin the other relevant dates, although it appears that the notice of infringement was given in 1931 and the suit was filed some time within six years thereafter; that is to say, the patentee, having once advanced his claim, did not permit the six-year period established in then Section 20 and now 35 U. S. C. 286 to run by.

In the present case, the interval between advancement of claim of infringement and litigation exceeded ten years. The Sixth Circuit said this:

"* * * There is no evidence that the delay in instituting suit resulted in injury or prejudice to appellant or that

> there has been any change in circumstances as the result of such delay as would render it inequitable for appellee to be granted an injunction at this time with damages for past infringement. The statute limits the recovery of profits and damages to those arising from infringement committed within six years prior to the institution of suit (35 U. S. C. A. § 70) and we know of no other period of limitation which may be invoked by an infringer to bar recovery but where circumstances appear which render it inequitable for relief to be granted because of delay in instituting suit, notwithstanding the statute of limitations, relief may be denied on the ground of laches or estoppel. No such circumstances are shown here. It is well-settled that mere delay short of the statutory period of limitation is not sufficient of itself to bar relief. It is no defense to a suit for an injunction and accounting for the continuing trespasses of an infringer that the latter has been trespassing on the rights of the owner of the patent for years with impunity, where he has admitted knowledge of the existence of the patent and notice of his wrong doing."

The least that can be said of this case—and there is language in it favorable to the plaintiff, of course—is that unquestionably the defense is available in the standard patent infringement case.

Anchor v. *Montgomery Ward*, 114 F. 2d 893 (7th Cir. 1940). In this case the plaintiff had previously initiated litigation against a manufacturer of a stove—an unfair competition case. The litigation took a long time and after it terminated the plaintiff initiated the unfair competition case against a retailer who had had something to do with causing the stoves to be manufactured in the first place. The pendency of the first litigation was advanced contra a laches defense in the second. The interval between the activity of the defendant which brought on the case in the first place and the filing of the case against the defendant was eleven years. The Seventh Circuit said:

> "Defendant's conduct of which plaintiff complains was well known to the plaintiff at the time of bringing suit against the manufacturer in Tennessee and no conduct is asserted or claimed on the part of the defendant that in any way excuses the plaintiff's delay in bringing the present suit. * * * The mere fact of plaintiff's election to proceed in the first instance against the manufacturer alone, followed by its long drawn-out litigation against the manufacturer does not excuse the plaintiff from seasonably asserting any cause of action that it might have desired to assert against the present defendant. It might now become quite inequitable for the defendant to be called upon to make an accounting for many transactions * * * throughout its various branches after so many years delay."

American Filter v. *Air Maze*, 45 F. Supp. 977 (N. D. Ohio, 1940). This was a conventional patent infringement case involving an interval of twelve years after notice of infringement, a claim of laches or estoppel, plus a showing by the defendant of actual damage. The tacking problem was neither raised nor decided. It was in the case on its facts. Somewhere along the line the original claimed infringer became a corporate "predecessor" and the actual party defendant became a "successor." It was in the corporate area—'twether stock deal or asset deal does not appear; nor do we think it makes a particle of difference. The District Court did tack in fact. It said:

> "* * * the filter * * * has been continuously manufactured by defendant and its predecessor and licensor since 1925. In 1925 plaintiff's predecessor served upon the defendant's predecessor a notice of infringement. The defendant's predecessor * * * denied infringement, and suit was threatened by the attorney for plaintiff's predecessor. No suit was filed, however, and the Company continued its manufacture and sale and it and the defendant invested large sums of money in the business. The testimony reveals that approximately one million filters have been sold. On April

> 30, 1930, counsel for the owner of the patent in suit again charged infringement against the defendant's predecessor. The evidence shows that the charge was dropped at that time because 'they weren't infringing.' A third notice of infringement was given on April 26, 1935. This notice contained a definite accusation, demand for accounting, and threat of suit. But the present suit was not instituted until January 23, 1937, nearly twelve years after the first notice of infringement. In view of this evidence, it seems to the court that the defense of laches and estoppel is sustained."

As a matter of fact, this case is authority for double tacking—stated otherwise, a predecessor sleeper's time may be tacked on the plaintiff and a predecessor's "un-sued" time may be tacked on for the benefit of the defendant.

The last expression of the Sixth Circuit, with peculiar applicability to this case, is *General Electric* v. *Sciaky*, 304 F. 2d 724 (1962). There is at least one important factual difference between that and this case in that no notice of infringement had ever been given until the lawsuit was filed. The patents involved issued in 1943-45, the case started in 1958. However, there are some very important common grounds and a great deal of the law based on which this Court decides this case. The parties to the case, too, had been "dealing with" each other for many years before the case was filed; the six-year statute of limitations had run as against some years of the activity claimed to constitute infringement; the plaintiff knew, for a long time before suit was filed, what the defendant was doing. In fact, there had been some discussion between the parties regarding infringement some ten years before the suit was filed—just like the present case. The Sixth Circuit made these pertinent expressions:

> "* * * General Electric had knowledge of defendant's machines at least since 1948 and failed to bring action for infringement until nearly ten years later.
> * * *

> "Where the unexplained delay exceeded the applicable period of the statute of limitations, injury to the defendant is presumed. In a patent infringement action equitable principles are applied. Equity will not aid those who have slept on their rights. The failure of General Electric to take action over the many years constituted laches. * * *
>
> "Whether or not General Electric was guilty of laches was a question of fact to be determined by the trial judge in the exercise of judicial discretion."

Hughes Aircraft v. *General Instrument Corp.*, 275 F. Supp. 961 (R. I., 1967). The plaintiff relies on this case for its "personal defense"—no tacking principle. The language is favorable, but the facts are considerably different. The patents issued in the middle 1950's. A company named Radio Receptor began doing what it did, which eventually led to the infringement case, in 1954. In 1957 that company became the predecessor of the defendant in some kind of transaction. Neither the predecessor nor the successor had any knowledge of the patent until 1961 and that came when the notice of infringement was given to the defendant. The infringement case was filed in 1962, less than a year after the notice. The defense sought to tack on the pre-1957 infringement. The court said:

> "* * * Defendant's infringement of the patent commenced when it acquired Radio Receptor Company in 1957. It is not so that defendant commenced infringing the patent in 1954. The law does not permit defendant to 'tack on' a period of infringement by another party to bolster a claim of alleged laches—this is a personal defense."

The Pierce case cited by the Rhode Island court as supporting authority involved a situation in which one party, a defendant utterly unrelated in all respects to another entity, sought to avail itself of the infringing time of the other unrelated entity. The Rhode Island case is nowhere near

the facts of this case in which the successor seeks to tack the time of its predecessor—after notice of infringement to its predecessor.

Photon, Inc. v. *Eltra Corp.*, 308 F. Supp. 133, (Ill., 1969). This case is also relied on by the plaintiff. Seven years elapsed between the time the plaintiff learned of the infringement and the institution of suit. For at least a year, and probably longer, the parties were in negotiations until breaking off. The case appears to be authority for the proposition that once a notice of infringement is given, laches departs. However, it was stated in the context—the interval between the notice of infringement and the filing of the suit; or more accurately stated, the interval between the breakoff of negotiations which followed the notice of infringement and the filing of the suit was less than the six-year period. That period is important, since it seems to affect, perhaps not the burden of proof, but certainly the burden of going forward, since it interjects a presumption.

Hopper v. *Stanbio*, 310 F. Supp. 30 (Texas, 1969). In that case, the affidavit submitted to the Patent Office during patent proceedings—which charged infringement and therefore a necessity for hurry—was filed in December, 1959. The patent issued in 1961. The rejection of the license after an assertion of infringement look place in 1963—that by the defendant's "predecessor." Plaintiff did nothing until 1966 when a license was again offered and again rejected. As applied to whatever claim the plaintiff might have ever had against the predecessor, and importantly, this:

> "The product marketed by the defendants was sold prior to six years from the filing of this action; any prior sale by the predecessor is barred by limitations.
>
> "* * * Under the circumstances plaintiff is guilty of laches in not diligently pursuing the matter * * *."

In that case only a five-year period elapsed between the breakoff with the successor defendant and the filing of the case.

The most recent case—and the authority based on which this Court most relies in deciding this case—is *Baker* v. *Whitewater,* 430 F. 2d 1008 (7th Cir., 1970). Several things about this case are worth noting before getting into it. One thing is the strong reliance on the Sixth Circuit decision in *General Electric* v. *Sciaky,* supra. Another is certiorari was denied. The third—the Supreme Court in *Blonder-Tongue,* at page 335, refers to it, apparently with approval in connection with its rejection of one of the reasons advanced by the patentee in this case for explanation of the time interval, i.e., "the expense of litigating." In Baker Manufacturing, the action was filed in 1965. The District Court rejected the defense of laches. The Seventh Circuit, as had the Sixth Circuit in *General Electric,* referred to "the firmly established rule that a decision on such issue is addressed to the sound discretion of the trial judge, which will not be disturbed * * * unless it is so clearly wrong as to amount to an abuse of discretion." The language is not particularly encouraging in its factual context, since the Seventh Circuit reversed on just that ground. The interval in that case between notice of infringement and suit was only nine years. The Seventh Circuit said that in the light of such an interval "the burden is on the patentee to excuse an unreasonable delay. * * * there is a presumption that the alleged infringer has been damaged * * *." The Court continued:

> " 'Although not bound by statutes of limitations relating to actions at law, courts of equity will generally draw analogies to them. In patent cases, the "analogous" period is six years. [35 U. S. C. Sec. 286.] After this length of time, the delay is presumed to have injured defendant, unless the contrary can be shown by plaintiff. * * * Reasonable diligence is a

prerequisite to invoking the court's aid in the assertion of one's rights. * * *

" 'In the present case we find an extended period of apparent inactivity by plaintiff, running well beyond the analogous statutory period. The burden is thus cast upon plaintiff to justify the long delay.

"And—

" 'Nor has plaintiff satisfactorily explained this absence of diligence. In fact the only excuse offered is an alleged lack of funds. By the weight of authority, lack of funds is no excuse for delay in bringing suit.'

* * *

" 'When delay in prosecuting a claim is so unusual as to carry with it the appearance of being unreasonable, as in this case, there devolves upon a plaintiff the burden of disclosing the impediments to an earlier action; for showing, if ignorant of his rights, how he had remained in ignorance so long; and of revealing how and when he first came to a knowledge of the matters on which he relies in his bill for relief.'

" * * * quoted from Westco-Chippewa (page 783):

" 'The evidence does not disclose any excuse justifying this long delay. No case is an exact precedent for another because the facts in no two cases are exactly alike, but a uniform principle runs through all the cases. They proceed on the theory that the plaintiff knows his rights and has had ample opportunity to establish them in the proper forum; that, because of delay, the defendant has good reason to think that the plaintiff believes his asserted rights to be worthless or that he has abandoned them. * * *

" 'The question of laches then assumes the aspect of the plaintiff having stood by and having done nothing to protect its rights for seven years while the defendant was building up a business, which it thought was legitimate, and spending money in constructing a large plant.' * * *

" 'Mere delay does not constitute laches but when deferment of action to enforce claimed rights is pro-

longed and inexcusable and operates to defendant's material prejudice, we find laches to be an effectual bar, with the burden of satisfactory explanation devolving upon the plaintiff. Rome Grader & Machinery Corp. v. J. D. Adams Mfg. Co., 7 Cir., 1943, 135 F. 2d 617, 619. Laches is an equitable doctrine not fixed by any unyielding measure, but to be determined in each case under its factual situation, and allowable " 'where the enforcement of the asserted right would work injustice.' " Potash Co. of America v. International Minerals & Chemical Corp., 10 Cir., 1954, 213 F. 2d 153, 155 * * *.

"In our view, this reasoning erroneously places the burden on Whitewater, the alleged infringer, to take affirmative action which would rescue Baker from its inexcusable neglect over a period of nine years, contrary to the decisions of this court previously discussed. An alleged infringer acting in good faith is under no obligation, so far as we are aware, to take affirmative action relative to the alleged infringement. Of course, it can proceed under the Federal Declaratory Judgment Act, Title 28 U. S. C. A. Sec. 2201, for an adjudication of its rights, but this court has held that it is not obligated to pursue this remedy. Brennan v. Hawley Products Co., 7 Cir., 182 F. 2d 945, 949. The fact that Baker did not suggest that it was abandoning its claim of infringement is irrelevant. The important fact is that at no time did it notify Whitewater in any manner that it was pressing its claim. * * *

"As an additional excuse, not mentioned by the district court, Baker on brief suggests that early in 1962 it was confronted with the immediate obligation of defending two patent suits involving a very large potential liability. It argues that due to the pressure of this litigation it was unable to handle other patent litigation until 1965, when the instant suit was filed. We think this excuse without merit. It does not explain why Baker remained silent from 1957 to 1962, a five-year period. It is unrealistic to believe that Baker became so involved in other litigation that it could not file a suit against Whitewater for infringe-

ment and depend upon a court to give it such time to prepare and try its case as circumstances might justify. It certainly could have found time in 1962, as it could have in any of the preceding five years, to notify Whitewater that it was pressing its claim of infringement."

Continental Coatings Corp. v. *Metco*, 325 F. Supp. 165 (Ill., 1971). In that case a summary judgment based on the laches issue was granted. The patent issued in 1959. The suit against the defendant was filed in 1968—seven years after notice of infringement. The trial court emphasized that while there was a period of notices and renotices and license negotiation that, even accepting plaintiff's time table, the initial program of notice and lack of perseverance was followed by a period of two or three years of total silence until the suit was filed. The Court said:

"Plaintiff has not satisfactorily met the burden to assert a reasonable excuse for this delay. * * * the initial delay was made to allow sufficient time to achieve some commercial success. Several years later, after the mass mailing campaign failed to produce licensees, another decision to delay was made on economic grounds * * *

"However, just as it was unreasonable for Baker to delay pursuing his claimed patent rights until litigation would be worthwhile, so was it unreasonable for IIT and Continental to have delayed their suit. * * * plaintiff has not asserted that it was without means to finance a lawsuit.

"* * * such unexcused delay raises a presumption that an alleged infringer has been injured. * * * The operating theory is that the alleged infringer, having good reason to believe the patentee abandoned or at least considered worthless its claims, worked to build up his business. * * * This presumption has not been met, much less overcome, by plaintiff."

Laches is a defense in this type of case: When the interval between notice of infringement and the filing of suit exceeds the six-year statutory period, not only does the laches flag go up, but it is accompanied by a presumption, and at least the burden of going forward to satisfactorily explain a ten-year delay after notice is on the patentee. The plaintiff points to the Chicago Metalic litigation. If the defendant or its predecessor had agreed that it was a good idea to delay pending determination of validity there, that would probably be a pretty good reason—not for a delay to 1967, but only for a delay until after the Seventh Circuit opinion on validity in 1963. Furthermore, defendant's predecessor made no such agreement. It listened and the plaintiff assumed. The fact is there was no agreement. If there had been, these corporate entities and their counsel were fully capable of writing an appropriate one-page letter. No other explanation is advanced by the delaying plaintiff.

We are aware that this Court, in the early stages of this litigation, considered the reason advanced as a good one for adding a party to the litigation. That is a different question from the one being decided now. Nor is reliance on the "presumption" or "going forward" the sole ground for sustaining the laches defense. Both the predecessor of the defendant and Lockwood, II, expended funds, capital wise and otherwise, in building up the claimed infringing business. There is significant loss or damage otherwise directly involving Lockwood, II, in at least two respects.

First—The infringement claims of plaintiff, if they had really not been abandoned and/or if they had been seasonably asserted, would certainly have led to a disclosure in the negotiations between Lockwood, I, and Lockwood, II. The officials of Lockwood, I, obviously relied on the marked silence of plaintiff after the Seventh Circuit victory in 1963 in not including the old (1956) infringement notice when, in 1965, Lockwood, I, was called upon to disclose "proceedings threatened" to Lockwood, II, and did not include this abandoned 1956 notice. That

deprived Lockwood, II, of a couple of things—a decision whether to buy or not with knowledge of the threat, and/or a decision to continue the claimed infringing process if they did buy. Those were substantial losses and no greater tribute to that statement is necessary than this case.

Secondly—if the plaintiff were victorious in this case, who will say whether or not, under all the facts, the 1956 infringement notice and the failure to disclose is or is not conclusorily a violation of the warranty in the Lockwood sales contract that "nor are there to the knowledge of the seller any * * * actions or proceedings threatened against it, other than the following * * *." That is another lawsuit just as involved as this one and just as detrimental.

The plaintiff claims that the long-term, non-negotiable note is a "cover" for the defendant. That is another lawsuit. Under the sales contract (Exhibit 69) the seller, speaking generally, agreed to discharge all of its obligations incurred prior to the turnover date and waranted that it would hold harmless the purchaser against liabilities "of the seller." The buyer is on its own and we look with difficulty and with no success for anything in the contractual arrangement which would authorize the buyer to deduct from its note what it would have to pay the plaintiff for a liability resulting from action of the buyer—the defendant. Any such attempted deduction would certainly be another lawsuit.

Nor does this Court regard the tacking problem as a very serious one for two reasons. Under all the circumstances, the delay vis-a-vis Lockwood, II, while it only involved a couple of years, was and is significant under all the facts in this case. Secondly, there never has been any magic in corporate entity. Insofar as this case is concerned, Lockwood, I, and Lockwood, II, are as one, as the plaintiff really regarded them in its obvious and complete failure to even pay any attention to the transfer. From an infringement, laches, discretion, or good conscience

point of view, the insertion of "corporate entity" into this controversy is not in the ends of justice. It is form-over-substance.

For the reasons indicated above, the complaint is dismissed solely on the laches defense.

Costs are always a matter of discretion. Clearly this is not a case in which attorneys fees should be awarded either party, since one party has won every of numerous battles, except the war, at this level. In addition, and on the other side of the coin, there has been a lack of selectivity of issues which, in this Court's humble judgment, has substantially protracted this case. Under all the circumstances, costs will not be awarded to either party, in either the attorney fee sense or the ordinary sense.

/s/ TIMOTHY R. HOGAN
United States District Judge

PLAINTIFF'S EXHIBIT 3.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit.

No. 13770 September Term, 1962 April Session, 1963

THE EKCO PRODUCTS COMPANY, INC., *Plaintiff-Appellant,*

vs.

CHICAGO METALLIC MANUFACTURING COMPANY, *Defendant-Appellee.*

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

August 16, 1963.

Before DUFFY, KNOCH, and KILEY, *Circuit Judges.*

KNOCH, *Circuit Judge.* Plaintiff, The Ekco Products Company, Inc. (hereinafter called "Ekco"), brought this action to recover damages and injunctive relief for alleged infringement by defendant, Chicago Metallic Manufacturing Company (hereinafter called "Chicago Metallic"), of four United States patents owned by plaintiff. These patents are:

(a) No. 2,687,994, dated August 31, 1954, entitled "Method of Forming an Oxide Coating on Tin."

(b) No. 2,724,526, dated November 22, 1955, entitled "Tin Plate Baking Pan."

(c) No. 2,773,817, dated December 11, 1956, entitled "Composite Metal and Articles Thereof."

(d) No. 2,801,604, dated August 6, 1957, entitled "Processed Drawn Implement."

They will be referred to hereinafter respectively as the 994, 526, 817 and 604 patents.

Defendant denied infringement of the first three patents and pleaded invalidity of all four. After trial by the District Court without a jury, judgment was rendered for defendant, holding all the patents invalid and the first three not infringed. This appeal followed.

The history of commercial bread baking discloses an accepted practice of many years known as "burning in" or "burning out" whereby the highly reflective tin-plated steel of the pan is darkened so that it will absorb sufficient heat for proper baking. This practice was not uniformly successful and entailed loss of time and labor, tying up equipment in non-productive work.

During the 1940's plaintiff continued its search for a solution. Dr. John J. Russell, one of the patentees in each of the patents in suit, was plaintiff's chief chemist during the period from 1945 to 1947, when he became plaintiff's Director of Research. His notes on the events leading to the subject matter of the basic patent in suit, 994, are part of the record before us. Plaintiff had tried various methods and had achieved some success, but only by the expensive method of hand rubbing the tin-plate to roughen its surface prior to passing the pans through the ovens.

Chicago Metallic contends that it did solve the problem in 1947 with its "No-Burn" pan which it asserts it sold to the fullest extent of its production capacity until the introduction of glazing about the end of 1949.

Chicago Metallic's process consisted of painting the outer surfaces of the pan and then heating it for one to two hours. While this coating did not permanently darken the pan, Chicago Metallic asserts it permitted immediate use of the pan while gradual "burn-in" conditioning occurred as the painted coating slowly wore off. Chicago Metallic argues that plaintiff's own "Redi-Bake" pan infringed Chicago Metallic's patented "No-Burn" pans.

Late in the 1940's the use of a release coating or "glazing" replaced the traditional grease means of insuring that the baked loaf would readily separate from the pan. The plastic "glaze" must be replaced from time to time. The chemical used to strip away old glaze also stripped away the "No-Burn" coating.

On February 7, 1950, John Crombie, a representative of United States Steel, visited both Ekco and Chicago Metallic to show their personnel a sample of anodically oxidized tin-plate, and certain literature (of British publication) of the International Tin Research Council. Mr. Crombie did not testify at the trial, but we have his deposition which is a part of the evidence adduced at the trial by Chicago Metallic. Mr. Crombie did not himself make, direct, or witness the making of the sample. He had referred the United States Steel Research Laboratory to the publications. Mr. Crombie described the sample as "not exactly black, it was kind of a dark gray and it was very close to the appearance of a bread pan when it was burned out in the old fashioned way of doing it."

Mr. Crombie made no suggestions for further heating. He stated that British patents were pending. He took both the sample and the literature away with him.

The scientific world had known about anodic oxidation of tin and other metals, but nobody evidently had used the process to pre-darken baking pans.

According to Dr. Russell's contemporaneous notes the literature exhibited by Mr. Crombie was the work called in this litigation "the Kerr-Macnaughtan paper." The British Patent No. 486,752 carries Serial No. 3756 of 1936, the same serial number referred to in the Kerr-Macnaughtan paper which disclosed the procedure mentioned by Mr. Crombie. All this material was before the Patent Office when the patents in suit were issued. This fact supports the presumption of validity normally arising from grant of a patent by the Patent Office. Title 35, U. S. C. § 282; *Hazeltine Research* v. *Dage Electric Co., Inc.*, 7 Cir., 1959, 271 F. 2d 218, 224; *Amp, Inc.* v. *Vaco Products Co.*, 7 Cir. 1960, 280 F. 2d 518, 521, cert. den. 364 U. S. 921.

The sample which Mr. Crombie exhibited is described in Dr. Russell's notes as black. In the course of subsequent experiments, Dr. Russell observed that heating a sheet of tin-plate darkened by the anodic process of Kerr-Macnaughtan at a temperature close to the melting point of tin changed the black film thereby acquired (which the British Patent No. 486,752 stated "cannot be dyed or otherwise changed in color") into an olive green. The Kerr-Macnaughtan paper entitled "The Production of Black Anodic Coatings on Tin and Tin Alloys" discusses an intense blue-black film on tin articles adaptable for decorative purposes. The disclosure made by Mr. Crombie is the disclosure of this Kerr-Macnaughtan paper. British Patent 486,752 also discloses a process for obtaining a black or blue-black film which, as previously indicated, "cannot be dyed or otherwise changed in color." Nobody suggests that the blue-black film of Kerr-Macnaughtan is a satisfactory coating for baking pans. In contrast to the black film which can be scratched and which wears off in service, the converted olive green surface obtained by Ekco's heating step is permanent, adherent, uniform, highly abrasion resistant, and possesses the desired heat-absorbing characteristics of a bread baking pan which needs no "burning-in." Ekco thus developed its two-step process described by Ekco as:

> The basic patent in suit covers a simple two-step process. The first step is the forming of a blackish anodic oxide coating on a tin article, and was admittedly old. This blackish coating proved to be highly unstable and was never used commercially on baked pans.
>
> The second step of Ekco's process is the converting of this unstable blackish coating by heating under prescribed conditions to a desirably stable, tenacious, highly-resistant coating. The remarkable improvement in the characteristics of the coating was accompanied by a change in the color from blackish to olive-green.

Ekco began commercial use of its new process under the trade name "Bake-Prep" early in 1950 (about March) with prompt and widespread acceptance and commercial success, which must be attributed to the process itself as there is no evidence that any unusual advertising or other means was used.

Chicago Metallic argues (and the District Court agreed) that the long-felt want for pans which could be used without preliminary "burning-in" allegedly satisfied by Ekco's product, was in fact already satisfied by Chicago Metallic's "No-Burn" pans; that a short-duration want for pre-darkened pans which could successfully withstand stripping of glaze arose in 1949 and was shortly satisfied by John Crombie's concept which he passed on to the entire baking-pan industry.

We are not required to accept the findings of the District Court if they are unsupported by the evidence or clearly erroneous. *Federal Rules of Civil Procedure*, Rule 52(a). *Copease Mfg. Co.* v. *American Photocopy Equipment Co.*, 7 Cir., 1961, rehrg. den. 1962, 298 F. 2d 772, 781.

Experienced, expert baker witnesses, for both parties, agreed that Ekco's "Bake-Prep" (or the accused device of Chicago Metallic) provided the solution to a long felt want in commercial baking. Richard J. Livingston, Chicago Metallic's expert baker witness, described cleaning pans during the pre-glaze days when grease had to be used. He testified that bakers were looking for a detergent which would take the grease off without taking the metal and the "burned-in" film off as well. In 1960, after this suit had been filed, Chicago Metallic experimented with another painted coating which proved a failure and was withdrawn from the market.

The presumption of validity arising from grant of the patent is strengthened by a showing that the invention filled a long felt want. *O'Brien* v. *O'Brien*, 7 Cir., 1953, 202 F. 2d 254, 256.

In September, 1950, Chicago Metallic announced its accused device "Sure Bake" pans, which are made by a two-step process

charged to infringe Ekco's patents in suit. Chicago Metallic's position is that Dr. Russell's research,

> * * * on which the patents in suit are based, consisted entirely of (a) procedures taught to Russell by John Crombie, plus (b) a heating step, undertaken for conventional reasons, that produced the conventional result taught by prior literature.

Chicago Metallic attributes Ekco's earlier manufacture of the new pans to two factors: (1) Ekco had entered the glazing field in the fall of 1949 and by February, 1950, was already concerned with the attendant problems; and (2) Ekco was under notice from Chicago Metallic that its "Redi-Bake" pans infringed Chicago Metallic's "No-Burn" patent.

Chicago Metallic did not begin glazing its pans until late in May, 1950; hence Chicago Metallic asserts it had no need to make its own adaptation of the procedures suggested by Mr. Crombie until it, in turn, encountered glazing problems.

Chicago Metallic contends, and the District Judge so found, that the claims of the basic patent 994 were anticipated by the Crombie-Kerr-Macnaughtan prior art, and that the heating step lacked invention. It is asserted that Ekco's second step was a mere conventional step, an inevitable corollary of Mr. Crombie's basic concept, and that it was a matter of mere common sense to heat a baking pan, particularly in the light of prior knowledge respecting heating oxide coatings to stabilize them.

The second step does now seem simple, natural and obvious, but its apparent simplicity should not blind us to its merits. *Shumaker* v. *Gem Mfg. Co.*, 7 Cir., 1962, 311 F. 2d 273, 275-6. In June, 1950, it was evidently not obvious. When Mr. Crombie called on Ekco he was accompanied by Mr. J. M. Wood, also of United States Steel, who was present and saw the exhibit of the black sample shown to Ekco. Yet even after Ekco's pan had been introduced commercially, a memorandum drawn by Mr. Wood on June 6, 1950, reads:

> We have subsequently learned that Ekco has developed a rapid oxidizing technique which they are currently using on bread pans prior to glazing. Since Ekco is attempting to patent their process, they are secretive concerning the details; however, we have seen the finished pans which carry a very uniform tan appearance. Dr. Russell has promised to acquaint us with all details regarding this treatment when conditions are suitable.

The same day, in another memorandum, Mr. Wood states of Chicago Metallic, which also knew of the Crombie-Kerr-Macnaughtan disclosures, that:

> * * * this customer had expressed no interest in the Kerr-McNaughton treatment until just recently. They exhibited a pan treated with Ekco's new process but were not aware of the details as to how the color was obtained.

Evidently, Chicago Metallic was interested in the process but was unable to deduce it solely with the aid of the prior art and the generally known scientific principles to which it now invites our attention. The presumption of validity of a patent is strengthened by the unsuccessful efforts of others laboring in the same field. *Charles Peckat Mfg. Co.* v. *Jacobs*, 7 Cir., 1949, 178 F. 2d 794, 801, and cases therein cited.

It is also significant that in advertising in *Bakers Weekly*, published as late as May 29, 1950, Chicago Metallic warned against use of chemically treated pans, stating that chemical treatment resulted in a finish which was not as wear resistant as the true oxide gradually produced by oven heat. Chicago Metallic's skepticism supports Ekco's contention that its process was not obvious. *McKee* v. *Graton & Knight Co.*, 4 Cir., 1937, 87 F. 2d 262, 264.

The wide-spread success of the new process is not questioned. After adopting it, Chicago Metallic discontinued other methods or pretreating bright tin-plate baking pans.

Our attention is invited to the Kerr paper "Anodic Films on Tin in Sodium Hydroxide Solutions (1938)" which was

not before the Patent Office when the patents in suit were issued. We have studied this document which discusses electroplating or electro-deposition of tin, and which reports on various tests made. It deals principally with yellow and brown films formed during electroplating. We cannot agree that it is closer to the basic 994 patent than the file wrapper references which were before the Patent Office. There is no suggestion even that it is desirable to form a heat-absorbing tin oxide coating on tin articles. The Kerr article talks of removing the yellow or brown film from the tin by cathodic treatment.

There was a long felt need. Others in the field had sought to fill it. The first step—anodic oxidation to form a black film was known. There was no prior art suggestion of the second step—heating the tin coated with anodic film to convert the anodic oxide film to green oxide of tin with all its superior features of stability, tenacity and high resistance. Ekco's invention met prompt recognition and adoption as a solution. The patent is not vague and indefinite, as charged by Chicago Metallic. The heating step is defined in specific degrees. The length of time is defined by the color change. Anyone skilled in the art may follow the process with successful results. *Binks Mfg. Co.* v. *Ransburg Electro-Coating Corp.*, 7 Cir., 1960, 281 F. 2d 252, 256-7, cert. dismissed 366 U. S. 211. We must conclude that the District Court's findings of invalidity of the basic patent 994 were clearly erroneous.

With respect to infringement of the basic patent 994, Chicago Metallic argues that its teaching is limited to anodic oxidation of tin articles in acid electrolytic baths or in midly alkaline electrolytic baths with pH not exceeding a value in the neighborhood of 8. The District Court found that Chicago Metallic's anodic oxidation was conducted in a highly alkaline bath of pH 10, 100 times as alkaline as the most alkaline bath taught in the basic 994 patent; that major ingredients of Chicago Metallic's alkaline bath were sodium hydroxide and sodium dichromate, neither of which was mentioned in the patents in

suit. The District Court therefore concluded that Chicago Metallic had not infringed the basic patent 994.

However, Ekco never contended that formation of a black anodic coating was a novel feature; nor is this a case of file wrapper estoppel. Nevertheless, the basic patent 994 does state that successful results have been obtained under alkaline conditions. We may not dispose of the question of infringement merely by comparing the commercial processes of the respective parties, particularly with respect to the first step. Chicago Metallic cannot avoid infringement by varying the details of the apparatus by which it makes use of the disclosure patent. *Smith* v. *Snow* (1935), 294 U. S. 1, 20. We must consider the disclosure of the patent in suit. The record does clearly indicate that Chicago Metallic follows Ekco's novel second step, heating the black anodic oxide to convert it to green oxide of tin.

The District Court held the 526 patent invalid on findings of fact that (1) the claims "read" on a well burned-in baking pan of the prior art in the same manner and sense as on a baking pan oxidized by the anodic process; (2) that the numerical limitations in the claims relative to layer thickness do not correspond to any distinctive result or function—all that is required being a layer of free tin "thick enough to provide effective resistance to corrosion;" and (3) the patent was granted only after the Patent Office examiners had been assured, possibly in good faith, but in error, that oxide film on burned-in pans of the prior art was not olive green in color and of "very poor adherence."

Our search of the record does not reveal support for these findings. On the contrary the testimony did indicate that normal burn-in procedures increase the thickness of the outer layer of darkened tin oxide and the inner layer of iron-tin alloy at the expense of the intermediate layer of free metallic tin which is necessary to resist corrosion, and that Ekco's basic two-step process provides a relatively thick outer layer while

restricting the growth of the inner layer. This structural combination (claim 2 of the 526 patent) is not revealed in the prior art.

The original thickness of the iron-tin alloy layer in Chicago Metallic's accused pans is greater than that described in the 526 patent, but that thickness is controlled by the steel mill from which Chicago Metallic purchases its tin-plate. Chicago Metallic's pans otherwise respond identically to the combination of claim 2 of the 526 patent and embody the substance of the invention. The claim must be construed to cover the actual invention and may not be limited by extraneous remarks in argument unaccompanied by actual amendment of the claim. *Bassick Co.* v. *Faultless Caster Corp.*, 7 Cir., 1939, 105 F. 2d 228, 231. With further respect to the issue of infringement, the District Court relied on the description in the 526 claims of an "opaque" oxide coating and the fact that the coating on Chicago Metallic's pans was allegedly transparent. The testimony on this point, however, indicates that the film was found to be transparent after it was stripped off the pan. We are satisfied from our reading of the claims that the use of the word "opaque," there refers to the outer oxide layer on the pan.

The 817 patent discloses application of a glaze release film to the anodic coating prior to the second heating step, so that the second heating conversion step simultaneously cures the glaze and converts the anodic oxide to green oxide of tin, thus effecting both economy and efficiency. The parties stipulated that during production Chicago Metallic does deposit glaze on an oxide layer on some of its pans and during later heating cures the glaze and converts the anodic layer. Imperfect practice of the patented process does not avoid infringement. *Colgate-Palmolive-Peet Co.* v. *Lever Bros. Co.*, 7 Cir., 1937, 90 F. 2d 178, 194, cert. den. 302 U. S. 729. The specific language of the patent itself contradicts the findings as to the teaching of patent 817.

The 604 patent defines a sequence of steps whereby scratches, or draw marks, obtained after anodic oxidation and during a metal deforming operation, unexpectedly disappear during the last step of subjecting the drawn implement to the elevated temperature for converting the anodic oxide of tin. Chicago Metallic does not deny that it practices the steps of the claimed process.

Again, we are unable to discern in the record before us any support for the finding that the steps recited in the claims in suit of patents 817 and 604 are old, yielding no new result.

The findings concerning the three derivative patents, 526, 817 and 604, which are only briefly mentioned by the District Court (apparently because of the decision concerning the basic 994 patent) are extremely limited. The judgment of the District Court respecting these three derivative patents is reversed, and that portion of this case is remanded for further consideration in the light of our comments above.

The judgment respecting invalidity and non-infringement of the basic 994 patent is reversed.

The cause is remanded for further proceedings consistent with this opinion.

Other arguments advanced by the parties not specifically mentioned in this opinion have been considered with care. They do not alter the conclusions herein expressed.

REVERSED and REMANDED
WITH INSTRUCTIONS.

A true Copy:

Teste:

(Seal)

/s/ THOMAS F. STRUBBE, *Chief Deputy*
Clerk of the United States Court of
Appeals for the Seventh Circuit.

IN THE UNITED STATES COURT OF APPEALS
for the Seventh Circuit

SEPTEMBER TERM, 1964—APRIL SESSION, 1965

No. 14859
THE EKCO PRODUCTS COMPANY, INC., *Plaintiff-Appellee,*
vs.
CHICAGO METALLIC MANUFACTURING COMPANY, *Defendant-Appellant.*

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

June 17, 1965

Before DUFFY and KNOCH, *Circuit Judges,* and GRANT, *District Judge.*

DUFFY, *Circuit Judge.* The instant suit involves the alleged infringement of United States Patent No. 2,724,526 dated November 22, 1955, and entitled "Tin Plate Baking Pan."

Suit was originally brought by plaintiff for alleged infringements by defendant of four patents, namely, (a) No. 2,687,994, dated August 31, 1954, entitled "Method of Forming an Oxide Coating on Tin"; (b) the patent in the instant case; (c) No. 2,773,817, dated December 11, 1956, entitled "Composite Metal and Articles Thereof", and (d) No. 2,801,604, dated August 6, 1957, entitled "Processed Drawn Implement." For convenience and brevity, these patents will be referred to as '994, '526, '817 and '604, respectively.

The District Court held that all four patents were invalid and that Patents '994, '526 and '817 were not infringed. An appeal

was taken. We reversed the findings of invalidity as to the basic patent, '994, holding the patent was valid and infringed. *Ekco Products Co.* v. *Chicago Metallic Mfg. Co.*, 321 F. 2d 550.

We also reversed the judgment as to the three derivative patents, and remanded them to the District Court for further consideration in view of the comments made in our opinion. No judgment was rendered in this Court with reference to the merits of the three derivative patents.

After remand, the parties agreed to a consent judgment which was entered on March 16, 1964, adjudging that patents '817 and '604 were valid and infringed, but awarding no damages thereon.

The District Court believed there was no infringement of the patent in suit by defendant, but held that the remarks made in our previous opinion left it with no latitude and, therefore, found that Patent '526 which is involved in this appeal, was valid and had been infringed. We think the District Court was in error in this respect. If we had intended to order a judgment that '526 was infringed, we would have said so as we did with the '994 patent. We intended the District Court should make an independent judicial determination on this point.

The question now before us on this appeal is whether Patent '526 has been infringed by defendant's baking pans. That, in turn, depends on the legal scope of the claims in Patent '526. The structure of defendant's baking pans is not in issue.

The principal patent, '994, was directed to a method of coating a tin surface with an olive-green oxide. We held that method was new and patentable. The instant patent does not relate to a method, but rather to a product.

The record discloses that Ekco tried for years to secure such a product patent. Despite four years of vigorous prosecution, including several interviews with the Examiner, the application stood finally rejected by the Patent Office. Until the final amendment, Ekco had claimed its product broadly as a baking pan having a steel base, an overlying layer of iron-tin alloy, a further

layer of metallic tin, and a surface layer of olive-green tin oxide. There had been no claim that called for any specific thickness of iron-tin alloy. After the final rejection, Ekco cancelled its previous claims and substituted two claims which were eventually granted in the patent. Therein, the patent monopoly was limited to pans in which the thickness of the iron-tin alloy was "approximately 10 to 15 micro-inches."

It is clear that the patent in suit issued only after Ekco had substituted narrower claims which included an explicit narrow range for the thickness of the alloy. It is, of course, fundamental, that Ekco may not recapture by resort to the doctrine of equivalents or otherwise, any part of what it surrendered by its amendment to its claims.

We recognize that in a situation such as we have before us, a file wrapper estoppel arises only through amendment and cancellation of claims to overcome rejection. We have held that the Court will look no further than to learn whether the patentee was forced to introduce such element to avoid rejection. *Taylor-Reed Corp.* v. *Mennen Food Products, Inc.*, 7 Cir., 324 F. 2d 108, 111.

The rule that governs the question before us is stated in *I. T. S. Rubber Co.* v. *Essex Rubber Co.*, 272 U. S. 429, at page 443: "It is well settled that where an applicant for a patent to cover a new combination is compelled by the rejection of his application by the Patent Office to narrow his claim by the introduction of a new element, he cannot after the issue of the patent broaden his claim by dropping the element which he was compelled to include in order to secure his patent."

Furthermore, a patentee that has narrowed his claim after rejection to secure allowance, is held strictly to the letter of the limited claims granted to him; by his amendment he recognizes the difference between the old claims and the new, and proclaims "his abandonment of all that is embraced in that difference." *Union Carbide & Carbon Corp.* v. *Graver Tank & Mfg. Co.*, 7 Cir., 196 F. 2d 103, 107.

We think that the plaintiff's claims cannot be interpreted to cover baking pans with thicker alloy layers than that recited in its claims, because the proceedings before the Patent Office demonstrate the only difference between baking pans oxide-coated by the anodic method of the '994 patent and those oxide-coated by the prior art "burning-in" method, was a thicker alloy layer in the burned-in pans. In truth, nothing in the '526 claims distinguishes the patented invention from the burned-in pans of the prior art except the recitation requiring the alloy layer to have a thickness of "approximately 10 or 15 micro-inches."

Plaintiff urges that our holding in *Welsh Co.* v. *Chernivsky*, 342 F. 2d 586, is controlling. However, in *Welsh*, the patentee by amendment added a new element. We held that equivalents were available to the patentee where the prior art showed no single structure having all the claimed elements. By contrast, here, the prior art burned-in pan was a structure wherein all of the elements of the combination were present—the steel base, the alloy layer, the tin layer and the oxide layer. It cannot be disputed that the alloy layer was already included as an element in rejected application claims 28 and 29.

When claims 28 and 29 were replaced with claims 31 and 32 which became claims 1 and 2 of the patent, the thickness of the alloy layer was expressly delimited.

Holding as we do that defendant did not infringe Patent in suit, No. 2,724,526, the judgment of the District Court to the contrary must be and is

REVERSED.

A true Copy:

Teste:

/s/ THOMAS F. STRUBBE, *Chief Deputy Clerk of the United States Court of Appeals for the Seventh Circuit.*

(Seal)

PLAINTIFF'S EXHIBIT NO. 109.

IN THE UNITED STATES DISTRICT COURT
For the Northern District of Illinois,
Eastern Division.

THE EKCO PRODUCTS COMPANY, INC., *Plaintiff,* *vs.* CHICAGO METALLIC MANUFACTURING COMPANY, *Defendant.*	Civil Action No. 58 C 849

FINAL ORDER.

The parties having compromised and settled their differences pursuant to agreement, the Court being advised in the premises, the accounting and all further proceedings herein are hereby terminated in conformity with the Judgment of March 16, 1964 and in satisfaction of paragraph 9 thereof, each party to bear its own costs.

ENTER:

/s/ J. S. PERRY,
United States District Judge.

Dated: Sept. 19, 1966.

Entry of the above order is agreed to and stipulated by the parties.

/s/ D. D. ALLEGRETTI,
D. D. Allegretti,
Attorney for Plaintiff.

/s/ DUGALD S. MCDOUGALL,
Dugald S. McDougall,
Attorney for Defendant.

PROOF OF SERVICE.

Copies of the foregoing Petition for Writ of Certiorari and Appendix were served airmail, first class on Truman A. Herron, Wood, Herron & Evans, 2700 Carew Tower, Cincinnati, Ohio 45202, attorneys for Respondent, this 23rd day of November, 1973.

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GEORGE P. MCANDREWS,
Attorney for Petitioner.